



2014 BUDGET



ERIE COUNTY
BUFFALO,
NEW YORK

COUNTY EXECUTIVE'S BUDGET MESSAGE & SUMMARY

Including Four-Year Operations Plan Fiscal Years 2014 - 2017

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COUNTY EXECUTIVE

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COUNTY EXECUTIVE'S BUDGET MESSAGE & SUMMARY



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

October 15, 2013

Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Honorable Legislators:

Please find enclosed my recommended 2014 Erie County Budget and the 2014-2017 Four Year Financial Plan for review and approval by your Honorable Body.

The recommended 2014 Budget is balanced and has reasonable and appropriate assumptions for revenues and expenditures. The Budget maintains and enhances critical services and invests in the County's deteriorating infrastructure while supporting the cultural, educational and quality of life assets and organizations that our residents value.

There is no change in the real property tax rate per thousand of assessed value and it remains at \$5.03 for 2014.

2014 General Fund Budget

The 2014 recommended Budget for the General Fund is \$1,391,497,375. This includes \$332.2 million of sales tax which we collect but which is required to be distributed to local governments, school districts and the Niagara Frontier Transportation Authority. The recommended 2014 Budget is \$15.5 million or 1.1% higher than the adopted 2013 Budget for the General Fund totaling \$1,375,955,019.

The largest factors driving the increase in the 2014 Budget are: increases in the caseloads and expense of the New York State Constitutional Safety Net program; an increase in debt service payment obligations; new positions required by New York State to be added to the Sheriff's Division of Jail Management; increases in personal services expense as a result of union contracts settled and approved unanimously by your Honorable Body in 2012 and 2013; mandatory spending for Correctional Health services mandated by the federal government; and sales tax sharing with other governmental entities.

As previously noted, there is no property tax rate increase in the 2014 Budget. The County will benefit from \$4.4 million more in revenue from assessment growth after receiving no such revenue benefit in 2013, of which the Library will receive over \$415,000 and the County will retain \$4.0 million.

After making a variety of reductions in spending, deletion of positions, and other adjustments for 2014, the County's baseline gap was still \$17.9 million, requiring further budgetary adjustments, as explained below.

2014 Budget Positive and Negative Factors

The 2014 Budget features several other positive and negative factors. On the positive side, there will be only a negligible increase in fringe benefit expense compared to the 2013 Adopted Budget due to: (1) aggressive cost containment for health insurance and prescription drugs for County employees; (2) significant new employee contributions and payments for health insurance under recently-settled union contracts; (3) retirements of high-seniority and older County employees; (4) reductions in head count; and (5) a modest reduction in projected payments to the New York State and Local Retirement System.

After many years in which nearly all of the County's collective bargaining units were working under lapsed collective bargaining agreements, in 2013, with your unanimous approval, the County settled contracts with the Sheriff PBA, Teamsters, CSEA Correction Officers and medical staff, and NYSNA. The settlements of these contracts resolved union issues and provided certainty to the County while avoiding expensive arbitration or fact-finding. These positive developments generated significant intermediate and long-term savings to the County through work concessions and employee payments for health insurance, but it also requires cost of living adjustments for 2014 that place pressure on the Budget.

On the negative side, the County continues to experience growing and very large caseloads in the Safety Net program, a State-mandated program which requires a large County share of the expense. For 2013, expense will go over budget by millions of dollars; in 2014 there is a projected \$8 million increase in expense, based on current caseload trends. Several major federal and state aid revenues in the Department of Social Services ("DSS") are also lower in 2014. Expenses associated with the Sheriff's Division of Jail Management, including personal services (positions and overtime) and correctional health services continue to dramatically strain the County's resources, with Jail Management spending rising to nearly \$100 million for the first time ever. While sales tax revenue continues to grow, it is coming in at a lower rate than averaged over the last decade.

In 2014, despite relatively level caseloads, the County faces higher workers compensation costs. This is attributable to State-mandated larger weekly payments and an increase in the State mandatory assessment fee. The County is also facing significant and unexpected increases in charges for community colleges for Erie County residents who attend

out-of-county community colleges, especially Niagara County Community College. For 2014, the County expects to pay \$1.2 million more than the 2013 budgeted amount. Finally, reductions in federal and state grants and other revenue are leading to difficult choices in certain programmatic areas such as the Department of Senior Services' nutrition programs and the Stop-DWI program in the Department of Central Police Services.

As I warned in my 2013 Budget Message, the County (and local towns, cities and school districts) continue to experience fiscal issues because of the growing trend whereby most of the County's ten largest property tax owners are filing Article 7 litigation in State Supreme Court challenging their town or city assessments on properties. The County intervened in some of the largest and most problematic litigations in 2013 and we will do so again in 2014 as necessary. The large growth in assessment challenges by commercial property owners will have a negative effect on the County – and local governments and school districts – for several years to come.

The public has demanded more services and accountability from County government without a corresponding increase in the property tax rate to pay for those services. This budget delivers on those demands. This budget reflect the balancing act necessary to provide discretionary services demanded by our constituents against those programs and services mandated by the State and Federal governments while recognizing that budget gaps continue to be a concern.

2014 Programs, Services and Initiatives

During 2013, with the support of your Honorable Body, and despite funding constraints created by the Adopted 2013 Budget, my administration maintained or expanded vital services, programs and initiatives. This includes library, cultural, educational and anti-crime youth programming, rodent control, capital projects and infrastructure improvements, support for working families, the land bank, brownfield redevelopment, and new investment in parks.

To address our region's greatest challenges and establish our community as a region of choice for those considering relocating here, my administration has embraced a comprehensive and innovative approach to economic development—the kind that works for everyone in our community and will lead to real private sector job growth.

As such, this summer, I announced "Initiatives for a Smart Economy" ("Plan") which seeks to provide the 'missing link' that will tie a host of diverse initiatives into one regional economic development effort.

This Plan is comprised of 64 specific initiatives across 12 different areas related to economic development including the work we have already begun along with new and achievable initiatives that Erie County will undertake. They key word here is achievable. This is a doable economic development strategy that works in concert with the Regional Economic Development Council to leverage regional assets and local partnerships maximize the impact of each dollar invested.

By taking into account the availability of necessary resources and placing a premium on the collaboration of identified partners, the 2014 Budget represents the next step in implementing this Plan and, ultimately, creating a more vibrant local economy. A number of initiatives are funded in the Budget and the Plan:

- Provides additional operating funds for the Buffalo Convention Center and Visit Buffalo-Niagara, new funding for the Buffalo Niagara Film Commission-WNED to support cultural tourism and development, and \$500,000 in new capital funds for a needs analysis of the Convention Center;
- Creates the position of energy officer for Erie County government, to help the County reduce costs on electricity, natural gas and fuel commodities, and to operate more efficiently and in an environmentally-conscious manner;
- Allocates \$2 million for brownfield redevelopment in Erie County and \$350,000 for agricultural rural area project planning;
- Provides \$100,000 in new funding for the creation of a new Greater Toronto Area economic development office to assist Canadian and foreign companies and interests to locate businesses and industries in Erie County, such as the Welded Tube development at the former Bethlehem Steel site in Lackawanna;
- Provides new funding for workforce development initiatives and summits/meetings;
- Provides \$5 million for urgently needed work at Erie Community College, including in classrooms, to help the college educate our future leaders in science, technology, engineering and mathematics (“STEM”), among other disciplines.
- Increases funding for cultural organizations by \$67,967, including funding a number of new applicants and agencies that have never before been awarded funds through a rigorous and competitive process, and thereby strengthening the County’s commitment to cultural, arts and educational agencies;
- Funds one new senior planner position in the Department of Environment and Planning to facilitate smart growth and regional planning after years of neglect.

Additionally, the 2014 Budget continues my commitment to funding programs and services that the residents of Erie County expect and demand, the so-called “People’s Mandates.” While managing within a very challenging environment, the 2014 recommended Budget:

- Continues a reinvestment in our libraries, adding \$415,867 in new 2014 operating funding for the Buffalo and Erie County Library system (in addition to the 2013 increase of \$300,000 in operational funding), and \$250,000 in new capital funding for the purchase of a new bookmobile as part of my policy of support for community libraries as hubs for career development, job hunting, youth programming and educational opportunities;
- Provides funding for a new public art curator position at the Albright Knox Art Gallery which will leverage \$120,000 of Albright Knox Art Gallery endowment funding to be used to purchase and install art in public locations across Erie County;
- Includes \$2 million in 2014 funding, combined with \$1 million in 2013, for the rehabilitation of greenhouses at the Buffalo and Erie County Botanical Gardens, demonstrating the County's strong commitment to cultural and architectural tourism;
- Conducts tens of millions of dollars of infrastructure improvements on roads and bridges throughout Erie County, including, where possible, conducting inter-municipal cooperative agreements with towns and villages for road and bridge repairs by sharing resources and working collaboratively to the benefit of our residents;
- Provides funds for the second year in a row to purchase new vans for senior citizen transportation through the "Going Places" program to help seniors recreate, attend medical appointments and visit stores and supermarkets;
- Includes new firefighting trainer positions in the Department of Emergency Services to expedite and conduct more fire training courses for our volunteer first responders throughout the year;
- Continues the County's commitment through Operation Prime Time to neighborhood-centered not-for-profit youth organizations for summer youth educational, anti-crime, learning and sports/cultural development in cities and towns across Erie County;
- Increases spending on infrastructure repairs and renovations for County parks facilities to renovate shelters, and improve parking lots, pathways and bathrooms, and provides additional funds for three new parks maintenance workers to continue conducting more parks improvements to help make our parks more usable and user-friendly;
- Includes three new positions in the Department of Health to administer vital cancer screening programs dedicated to breast, cervical and colorectal screenings for under- and uninsured County residents that save lives and promote health while reducing costs through preventative care;

- Provides funding for new sworn Sheriff personnel and correctional health medical services to address federal and state concerns and litigation regarding medical and other conditions in the Erie County Holding Center and Erie County Correctional Facility;
- More realistically budgets for overtime expense in the Sheriff's Division of Jail Management and Sheriff Division (road patrol);
- Provides for 1.5% increases, respectively, in community development funding for Cornell Cooperative Extension and Erie County Soil and Water Conservation;
- Allocates funds under a County-community partnership in the Department of Public Advocacy for a domestic violence tribute garden and commemorative site in the County's Isle View Park;
- Maintains funding and resources for the Department of Health's rat and rodent control program, combating the rodent and pest problem facing the City of Buffalo and inner-tier suburban towns and villages;
- Provides funding and new staff for the new County health clinic at 1500 Broadway in Buffalo for the provision of critical primary, dental and mental health care services and to help avert an estimated 3,444 visits for expensive preventative or emergency care at hospital emergency rooms under a partnership with local healthcare providers;
- Requires for the first time since 2004 that all managerial-confidential employees pay for health insurance, and shifts all managerial-confidential employees and elected officials to the Value health insurance plan, which will save the County hundreds of thousands of dollars over the next several years. In exchange, managerial-confidential employees will receive a modest one-time 4% cost of living adjustment for those employees in the executive branch and the independently elected officials (County Clerk, Legislature, Comptroller and Board of Elections) – the first such adjustment since 2002 – and a 2% cost of living adjustment for managerial-confidential employees in the Office of Sheriff. This adjustment will result in these employees being paid at the same level as the District Attorney's managerial-confidential employees but will still be at a level that is 3% less than the rate CSEA employees are paid;
- Continues the credit mechanism established in cooperation with Erie County Medical Center Corporation ("ECMCC") to address increased healthcare costs associated with Intergovernmental Transfer ("IGT") payments required under federal law to be made by the County to the benefit of ECMCC.

Jail Management – Massive New Mandated Spending

As previously noted, in 2014, for the first time ever, spending in the Sheriff's Division of Jail Management will go to nearly \$100 million – a staggering sum and one which continues to place severe pressure on the General Fund. The Sheriff requested \$101.89 million in funding for Jail Management in 2014 and the Budget recommends \$98.3 million in spending.

A May 2012 directive from the New York State Commission of Correction ("CoC") required the County to create 72 new sworn deputy and correction officer positions and a number of civilian positions in the Erie County Holding Center and Erie County Correctional Facility between 2012 and 2014. The cost of these new positions is more than \$6.5 million on an annualized basis. The first forty five (45) sworn positions and three civilian record clerk positions were established and approved by your Honorable Body in July 2012 and in the Adopted 2013 Budget. The CoC anticipated the County to add twenty seven (27) new sworn positions in the 2014 recommended Budget and the Sheriff has, in fact, requested those positions as well as two (2) new records clerks. However, due to the County's fiscal challenges, the 2014 recommended Budget is funding only fifteen (15) of those 29 requested positions. Despite that limit, the new positions will still cost the County over \$1 million on an annualized basis.

Position Reductions

Understanding the need for fiscal restraint, the 2014 Budget for all funds includes reductions in personal services from the deletion of existing or proposed new positions in multiple departments or divisions. **The 2014 recommended Budget includes the deletion of fifty four (54) positions across all funds (not including the Library Fund).** Like the 2013 proposed Budget, this 2014 reduction in positions is modestly offset by State-directed increases in personnel for the Sheriff's Division of Jail Management in the Erie County Holding Center and Correctional Facility (15 full time positions), several new positions in the Department of Public Works, four new positions in the Department of Parks, Recreation and Forestry, one new senior planner position in the Department of Environment and Planning, and five new part-time fire trainer positions in the Department of Emergency Services (which are reimbursed).

Even after the new positions are added, the 2014 Budget features a net reduction of twelve (12) positions in the General Fund compared to the County workforce at October 1, 2013.

Pension Amortization

Over the past decade, the County has faced overwhelming increases in State-required employer contributions to the New York State and Local Retirement System ("System") totaling tens of millions of dollars for the County's share of pension obligations of County employees. Under the New York State Employer Contribution Stabilization Program ("Program") as established in 2010 as Chapter 57 of the New York Laws of 2010, local governments are

provided with the flexibility and option, if necessary, to participate in the Program and to amortize annual employer contributions to the System. The Program was created in 2010 due to the significant increases in local governments' required annual employer contributions to the System. According to the New York State Association of Counties, in 2012, seven counties and 124 local governments in New York participated in the Program. In 2013, eleven counties and 177 local governments/agencies participated, including the following counties: Albany, Essex, Monroe, Nassau, Oneida, Putnam, Rockland, Schenectady, Suffolk, Sullivan and Westchester (which county is "AAA" rated and often considered to be the financially strongest county in the Eastern United States). Locally, the Niagara Frontier Transportation Authority ("NFTA") and Western Regional Off Track Betting opted into the amortization program in 2013. We have been informed that most of these counties are contemplating participating again in 2014 due to fiscal issues.

With your Honorable Body's authorization, the County will participate in the Program for 2014, saving the County \$8.6 million. If your Honorable Body does not approve a separate resolution authorizing Erie County's participation in the Program, the 2014 recommended Budget will automatically have an \$8.6 million gap. I respectfully request that the Erie County Legislature approve of the County's participation in the Program for 2014.

A Comment on Structural Balance

In February 2013, the Erie County Fiscal Stability Authority leadership clearly stated that they believed that the gaps projected in the County's Four Year Financial Plan were real and action needed to be taken to address those gaps. ECFSA Vice Chairman Brian Lipke stated: "We believe the (then) \$25 million gap is real and must be addressed sooner rather than later."

Growth in reoccurring revenue has not kept pace with increases in mandated costs. There is also not the requisite support for revenue enhancements, nor is there support for cuts to non-mandated services. Other budget measures, therefore, must be utilized. The 2014 Budget and future year budgets will continue to include a modest use of appropriated fund balance and, if necessary, participation in the New York State Employer Contribution Stabilization Program, as well as reductions in spending in certain areas. This scenario is not sustainable over a long period and is unrealistic for intermediate and long-term budgeting.

Your Honorable Body and my administration must work closely together to ensure Erie County's budget is structurally sound now and in the future. I strongly encourage your body to make this a priority in 2014. My administration is committed to working with the Legislature in this endeavor and look forward to the conversations ahead.

Four Year Financial Plan

The recommended 2014 Budget includes a Four Year Financial Plan for fiscal years 2014-2017. The 2014 recommended Budget and projected 2013 year-end numbers form the basis for the 2014-2017 Four Year Plan with a number of assumptions and estimates which are detailed

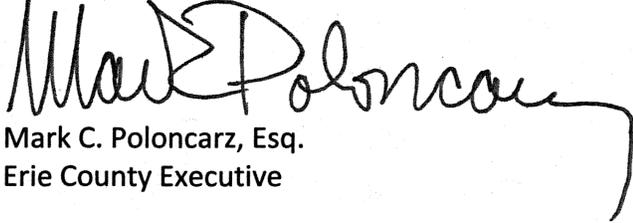
in the Executive Summary and Budget Message. Due to the structural issues facing the County, the Plan forecasts out-year budget gaps in 2015, 2016 and 2017 that must be addressed moving forward.

Conclusion

In closing, the 2014 Budget and the accompanying Four Year Financial Plan are balanced, reasonable and conscientious and both documents realistically address the challenges facing the County. The 2014 recommended Budget acknowledges the fiscal challenges facing the County amid a dramatic rise in Safety Net public assistance cases, massive increases in Jail Management-related spending, reductions in federal and state aid, a lack of legislative consensus for recurring revenues and reductions in discretionary spending, slowing sales tax growth, and the desire not to negatively impact programs and services that our residents want and deserve.

I am committed to maintaining services which our residents expect while running a fiscally-stable government and providing transparency in budgeting. I look forward to continuing to work in partnership with your Honorable Body and the Erie County Fiscal Stability Authority on behalf of our community and I urge you to work cooperatively with me to continue the fiscal progress of the County in a responsible and non-partisan manner.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Mark Poloncarz", with a long horizontal flourish extending to the right.

Mark C. Poloncarz, Esq.
Erie County Executive

MCP/tcc

cc: Hon. Stefan Mychajliw, Comptroller
Erie County Fiscal Stability Authority



FOUR-YEAR OPERATIONS PLAN FISCAL YEARS 2014-2017



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

FOUR YEAR FINANCIAL PLAN FOR FISCAL YEARS 2014-2017

Enclosed herein is the 2014-2017 Four Year Financial Plan ("Plan"). Section 2503 of the Charter specifies certain budget requirements, including submission of an annual budget proposal and a financial forecast for the next two years. In addition, Public Authorities Law §§3957 creating the Erie County Fiscal Stability Authority (ECFSA) requires that the County Executive submit a Plan with his proposed budget. The attached Plan satisfies both the Charter and ECFSA requirements.

The 2014 Proposed Budget and projected 2013 results form the basis for the 2014-2017 Plan.

In some respects, the 2014 Budget and Plan are reasonably similar to the amended 2013-2016 Plan which ECFSA approved in February 2013. However, due to a variety of State and Federal actions, County Legislature actions, changing fiscal conditions and mandated costs and programs, the 2014 Budget and 2014-2017 Plan differ as explained in greater detail in the County Executive's budget message and as noted below.

The Plan calls for 2% average annual growth in property tax revenue strictly due to assessment growth in 2015, 2016 and 2017. Between 2008 and 2012 the average annual market value growth was 3.15%, but in 2013, for the first time in twelve years and only the fourth time since 1979, the County received no additional revenue from assessment growth. In 2014, the County projects to receive \$4.4 million in assessment growth, of which the County will share \$415,867 with the Buffalo and Erie County Public Library System.

The Plan calls for sales tax revenues to increase by 2.75% in 2014 from the 2013 adjusted actual (current trend) and by 2.75% each year thereafter.

The Plan is based on "reasonable assumptions" at the time of submission of the 2014 Budget and Plan on October 15, 2013.

Since 2012, the County has received ratings upgrades and/or recalibration of ratings from all three rating agencies. Ratings were also affirmed in 2012 and the County's current ratings are: Moody's A2, Fitch Ratings A and Standard and Poor's A-.

We believe that ECFSA will find the 2014 Budget and Plan to be reasonable and we expect ECFSA will approve both documents.

KEY ASSUMPTIONS IN FOUR YEAR FINANCIAL PLAN

Revenue	2015	2016	2017
Sales Tax Growth	2.75%	2.75%	2.75%
Real Estate Market Value Growth	2%	2%	2%
Property Tax Rate Increase	0%	0%	0%
Expense	2015	2016	2017
Personal Services Growth	2.4%	2.2%	2.1%
Health Insurance Growth ¹	8.5%	8.3%	8.2%
Pension Rate	18.38%	17.13%	16.01%

Personal services growth includes additional staff for the Jail Management Division as required by the New York State Commission of Correction as well as the additional costs due to the 2012 and 2013 settled union contracts. The pension rate is based on estimates from the New York State and Local Retirement System.

The 2014-2017 Plan includes projected out-year gaps between 2015 and 2017. There are a variety of potential mechanisms and initiatives available to the County to close the out-year gaps, including:

- Better than expected sales tax revenue;
- Reductions in discretionary spending, including in personal services and deletions of additional positions;
- Property tax revenue;
- The use of additional appropriated fund balance;
- Additional participation in the Employer Contribution Stabilization Program;
- Potential future revenue, such as casino gaming revenues from New York State;
- Possible reductions in Medicaid-MMIS expense;
- More favorable (lower) caseload trends in the SafetyNet program.

¹ Estimates provided by the consultant to the Labor Management Healthcare Fund.

County of Erie
2014-2017 Four-Year Financial Plan

Fund 110 - General	Account Type	2012 Actual	2013 Adopted Budget	2014 Executive Recommended Budget	2015 Projection	2016 Projection	2017 Projection
Revenue							
Local Source Revenue							
	Property Tax Levy	217,820,374	215,098,371	219,132,763	223,515,418	227,985,727	232,545,441
	Property Tax Related						
	Sec 520 Exempt Removal	669,596	727,280	780,838	780,838	780,838	780,838
	Gain Sale Tax Acquired Prop	67,995	20,000	20,000	20,000	20,000	20,001
	Payments In Lieu Of Taxes	5,540,485	6,179,904	6,091,126	6,121,582	6,152,190	6,182,950
	Wind Power						
	Interest & Penalties-Prop Tax	14,833,141	19,277,246	15,103,954	15,254,994	15,407,543	15,561,619
	Omitted Taxes	1,769	3,000	3,000	3,000	3,000	3,001
	Dec-Prop Tax Def Rev	(8,161,628)	(13,657,399)	(6,639,857)	(6,573,458)	(6,507,724)	(6,442,647)
	Property Tax Related Total	12,951,359	12,550,031	15,359,061	15,606,955	15,855,847	16,105,763
	Sales Tax						
	Sales Tax Original 3%	154,977,543	160,687,222	163,927,022	168,435,015	173,066,978	177,826,320
	1% Sales Tax	146,319,454	151,704,649	154,768,955	159,025,101	163,398,292	167,891,745
	.25 % Sales Tax	72,948,889	75,761,211	38,580,732	39,641,702	40,731,849	41,851,975
	.50% Sales Tax	36,474,445	37,880,605	77,161,464	79,283,404	81,463,698	83,703,950
	Sales Tax Total	410,720,332	426,033,687	434,438,173	446,385,223	458,660,816	471,273,989
	Sales Tax (Distrib. to Local Gov'ts)	283,983,931	294,861,414	300,383,134	308,643,670	317,131,371	325,852,484
	Fees Fines or Charges						
	Election Exp Other Govts	7,080,311	6,561,928	7,192,320	7,336,166	7,482,890	7,632,548
	All Other Fees Fines or Charges	29,041,664	26,103,627	27,453,490	27,728,025	28,005,305	28,285,358
	Fees Fines or Charges Total	36,121,975	32,665,555	34,645,810	35,064,191	35,488,195	35,917,906
	Other Sources						
	ECFSA CSEA CO's Reimbursement						
	Interest & Earn - Gen Inv	434,814	511,200	409,000	411,045	413,100	415,166
	Hotel Occupancy Tax Revenue	8,861,557	8,728,122	8,980,200	9,114,903	9,251,627	9,390,401
	Community College Respreads	4,975,498	4,376,198	4,376,595	5,066,050	5,722,459	5,865,520
	All Other Sources Accounts	37,945,515	30,608,686	21,897,871	22,226,339	22,559,734	22,898,130
	Other Sources Total	52,217,384	44,224,206	35,663,666	36,818,337	37,946,920	38,569,217
	Appropriated Fund Balance County Purposes		5,405,000	5,405,000	5,405,000	5,405,000	5,405,000
	Appropriated Fund Balance Botanical Gardens			2,000,000			
	Appropriated Fund Balance	0	5,405,000	7,405,000	5,405,000	5,405,000	5,405,000
	Local Source Revenue Total	1,013,815,355	1,030,838,264	1,047,027,607	1,071,438,794	1,098,473,876	1,125,669,800
	State Aid						
	State Aid-Education Of Handicapped Children	27,487,529	33,787,609	31,333,539	31,866,209	32,407,935	32,958,870
	State Aid-Mental Health	33,367,472	35,975,853	33,721,009	34,395,429	35,083,338	35,785,005
	State Aid-Family Assistance	22,968					
	State Aid-Soc Serv Admin	27,994,633	29,771,147	28,450,862	29,467,272	30,487,865	31,562,461
	State Aid-Safety Net Assistance	11,062,560	11,128,161	13,406,892	14,219,293	14,790,739	15,259,270
	State Aid-Child Welfare Services	19,114,489	20,429,476	21,967,086	22,791,462	23,646,423	24,533,103
	State Aid-Serv For Recipients	1,969,577	4,400,719	5,628,710	5,635,108	5,660,795	5,667,313
	State Aid Day Care	7,505,556	7,359,158	7,868,204	7,976,686	8,177,300	8,290,045
	All Other State Aid Accounts	21,975,166	24,590,327	23,002,353	23,347,388	23,697,599	24,053,063
	State Aid Total	150,499,950	167,442,450	165,378,655	169,698,848	173,951,994	178,109,129
	Federal Aid						
	Federal Aid-Family Assistance	39,212,902	41,926,819	44,328,400	45,535,184	47,101,518	48,663,946
	Federal Aid-Soc Serv Admin	28,138,722	30,364,685	26,694,530	28,389,189	30,092,129	31,878,366
	Fed Aid Day Care	18,839,839	18,957,642	18,890,206	18,954,716	19,213,724	19,279,447
	Federal Aid-CWS Foster Care	14,025,663	14,497,573	14,134,514	14,665,011	15,215,189	15,785,779
	Federal Aid-Safety Net TANF Cases	746,278	783,764	884,779	877,069	917,283	917,283
	Federal Stimulus Enhanced Medicaid	(858,946)					
	All Other Federal Aid Accounts	73,704,496	71,143,822	70,246,350	71,300,045	72,369,546	73,455,089
	Federal Aid Total	173,808,954	177,674,305	175,178,779	179,721,214	184,909,389	189,979,910
	Interfund Revenue	1,197,166	0	3,912,334	0	0	0
	Total Fund 110 Revenue	1,339,321,425	1,375,955,019	1,391,497,375	1,420,858,856	1,457,335,259	1,493,758,839

County of Erie
2014-2017 Four-Year Financial Plan

Fund 110 - General	Account Type	2012 Actual	2013 Adopted Budget	2014 Executive Recommended Budget	2015 Projection	2016 Projection	2017 Projection
Expense							
Personal Service Related Expense							
Personal Services							
Full-Time Salaries		155,641,117	164,277,358	168,945,260	172,536,133	175,810,675	178,899,464
Part-Time Wages		2,667,356	3,038,545	3,158,356	3,221,523	3,285,954	3,351,673
Regular Part Time Wages		1,826,873	1,497,752	1,497,497	1,527,447	1,557,996	1,589,156
Seasonal Emp Wages		230,655	315,899	592,209	604,053	616,134	628,457
Personal Services Total		160,366,001	169,129,554	174,193,322	177,889,156	181,270,759	184,468,749
Employee Payments non-salary							
Shift Differential		1,019,534	1,078,942	1,088,606	1,110,378	1,132,586	1,155,237
Uniform Allowance		610,375	656,250	870,850	883,913	897,171	910,629
Holiday Worked		1,568,153	1,649,774	1,558,650	1,589,823	1,621,619	1,654,052
Line-Up		1,640,807	1,764,235	1,857,850	1,895,007	1,932,907	1,971,565
Other Employee Pymts		495,819	321,890	470,540	479,951	489,550	499,341
Overtime		17,536,675	12,477,515	14,268,275	14,125,592	13,984,336	13,844,493
Employee Payments non-salary Total		22,871,363	17,948,606	20,114,771	20,084,664	20,058,170	20,035,317
Fringe Benefits							
Fringe Benefits- FICA		13,800,334	14,328,912	14,786,846	15,065,808	15,321,131	15,562,759
Fringe Benefits-Medical Insurance		39,737,565	42,788,144	44,632,644	48,657,808	52,946,192	57,545,885
Fringe Benefits-Workers Compensation		7,589,843	7,356,890	7,187,592	7,375,974	7,561,937	7,748,889
Fringe Benefits-Unemployment Insur.		761,263	765,247	485,770	504,833	523,657	542,553
Fringe Benefits-Retiree Med Insur.		20,413,139	22,008,369	20,564,172	22,333,925	24,220,734	26,243,696
Fringe Benefits-Retirement		32,504,471	37,497,756	37,307,154	36,377,689	34,477,579	32,730,876
Fringe Benefits Total		114,806,615	124,745,318	124,964,178	130,316,036	135,051,230	140,374,660
Employer Contribution Stabilization (Retirement)				(8,600,000)	0	0	0
Countywide Personnel Adjustments							
Reductions (Vacancy Savings)			(1,787,585)	(990,000)	(990,000)	(990,000)	(990,000)
MC Compensation				270,927			
Countywide Personnel Adjustments		0	(1,787,585)	(719,073)	(990,000)	(990,000)	(990,000)
Personal Service Related Expense Total		298,043,979	310,035,893	309,953,198	327,299,856	335,390,159	343,888,726
Other Departmental Expense							
Supplies & Repairs							
Auto Supplies		2,073,851	2,269,500	2,364,650	2,400,120	2,436,122	2,472,663
All Other		7,073,441	7,411,265	7,656,657	7,771,507	7,888,079	8,006,401
Supplies and Repairs		9,147,292	9,680,765	10,021,307	10,171,627	10,324,201	10,479,064
Other							
Risk Retention		3,035,883	69,498	2,000,000	3,000,000	3,000,000	3,000,000
Control Board		483,819	495,000	495,000	502,425	509,961	517,611
Rental		4,606,314	4,651,758	4,689,537	4,759,880	4,831,278	4,903,747
DSS Pivot Wages/Chargebacks/Training		4,930,678	5,752,420	5,357,672	5,438,037	5,519,608	5,602,402
Utility Charges		2,410,326	2,365,000	2,424,500	2,460,868	2,497,781	2,535,247
All Other		6,994,771	7,142,147	7,422,380	7,533,716	7,646,721	7,761,422
Other Total		22,461,790	20,475,823	22,389,089	23,694,925	24,005,349	24,320,429
Contractual							
Sales Tax as Aid to Local Governments							
Sales Tax Distrib.to Cities, Towns & Sch Dist. from		283,983,931	294,861,414	300,383,134	308,643,670	317,131,371	325,852,484
Sales Tax Flat Distrib.to Cities and Towns from 1'		12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,001
Sales Tax Distributed to NFTA		18,290,061	18,963,903	19,346,256	19,878,278	20,424,931	20,986,616
Sub Total - Local Gov. Sales Tax		314,773,993	326,325,317	332,229,390	341,021,948	350,056,302	359,339,101
Other Agency Contractual or Mandated Payments							
Indigent Defense - Legal Aid/Bar Assoc.		11,286,460	11,484,866	11,586,005	11,759,795	11,936,192	12,115,235
NFTA Sec 18 B		3,657,200	3,657,200	3,657,200	3,657,200	3,657,200	3,657,200
Contractual-ECMCC Healthcare Network		6,992,046	7,190,236	5,714,620	5,800,339	5,887,344	5,975,655
Cultural Agencies		5,421,841	5,680,000	5,745,467	5,831,649	5,919,124	6,007,911
Botanical Gardens Renovation				2,000,000	0	0	0
Buffalo Bills Game Day Expense		4,201,374	4,520,651	2,123,121	2,186,815	2,252,419	2,319,992
Stadium - Working Capital Assistance				1,372,800	1,413,984	1,456,404	1,500,096
Social Services/Youth/Mental Health Agencies		66,703,911	71,326,968	67,786,050	69,141,771	70,524,606	71,935,099
Visit Niagara (CVB) Subsidy		3,300,000	3,300,000	3,233,283	3,281,782	3,331,009	3,380,974
Bfio Niagara Film Comm WNED				131,950	133,929	135,938	137,977
Convention Center Subsidy		1,650,000	1,650,000	1,674,750	1,699,871	1,725,369	1,751,250
County Residents at Other Community Colleges		4,376,595	4,564,640	5,722,459	5,865,520	6,012,158	6,162,462
All Other Contractual Accounts		18,476,305	17,902,992	18,343,909	18,619,068	18,898,354	19,181,829
Contractual Total		440,839,724	457,602,870	461,321,004	470,413,672	481,792,420	493,464,780
Equipment		961,265	428,185	1,010,961	1,026,125	1,041,517	1,057,140

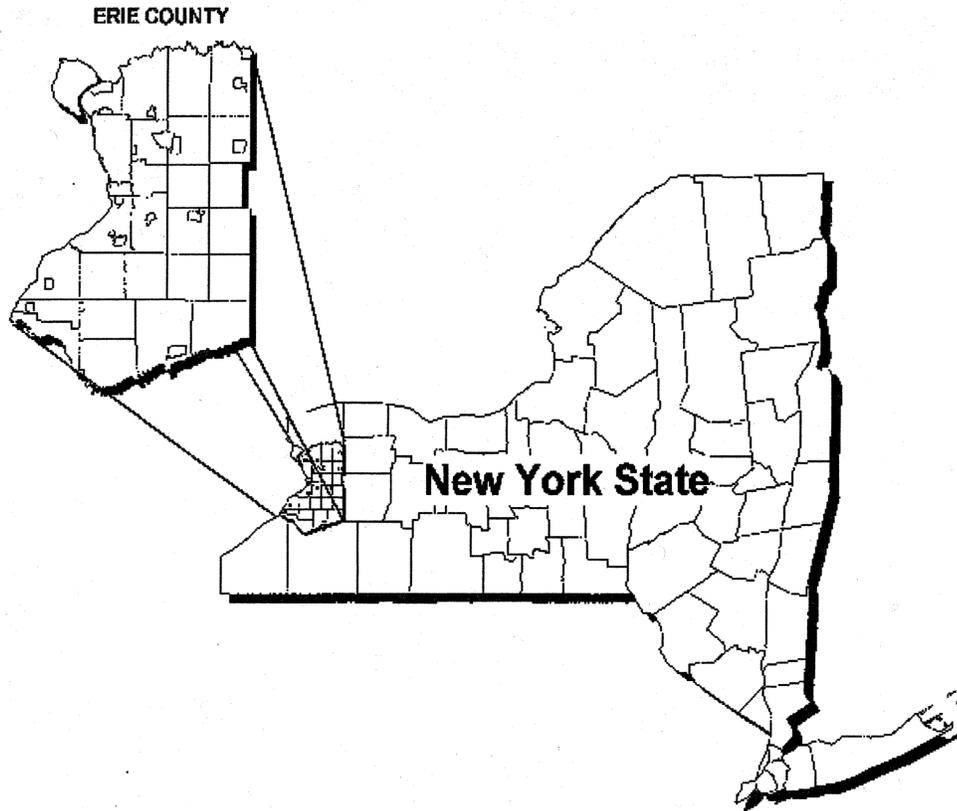
County of Erie
2014-2017 Four-Year Financial Plan

Fund 110 - General	Account Type	2012 Actual	2013 Adopted Budget	2014 Executive Recommended Budget	2015 Projection	2016 Projection	2017 Projection
Allocation							
	Interfund-Erie Community College	15,629,317	15,629,317	15,629,317	15,629,317	15,629,317	15,629,317
	Interfund-Utilities Fund	3,177,732	3,388,160	3,935,075	4,013,777	4,094,052	4,175,933
	County Share - Grants	4,120,847	4,593,302	4,832,399	4,953,209	5,077,039	5,203,965
	Interfund-Road	13,103,747	13,831,236	13,118,038	13,314,809	13,514,531	13,717,249
	Interfund -Library Subsidy	2,000,000			0	0	0
	Interfund E911 Subsidy	2,145,210	2,775,741	2,683,595	2,723,849	2,764,707	2,806,177
	Interdepartmental Billings	(3,202,659)	(3,003,946)	(2,971,844)	(3,016,422)	(3,061,668)	(3,107,593)
	All Other Allocation Accounts	1,259,214	50,000	50,000	50,750	51,511	52,284
	Allocation Total	38,233,409	37,263,810	37,276,580	37,669,288	38,069,489	38,477,332
Program Related							
	UPL Expense	6,567,456	0				
	DSH Expense	<u>12,315,564</u>	<u>16,200,000</u>	<u>16,200,000</u>	<u>18,200,000</u>	<u>18,200,000</u>	<u>18,200,000</u>
	Sub Total UPL/DSH ECMCC Subsidy	18,883,020	16,200,000	16,200,000	18,200,000	18,200,000	18,200,000
	MMIS-Medicaid Local Share	211,765,441	219,748,429	217,160,208	215,037,163	217,072,621	218,090,350
	Family Assistance	39,966,676	42,625,150	44,861,871	46,068,655	47,634,989	49,197,417
	CWS - Foster Care	54,842,426	57,357,913	58,244,810	60,405,392	62,646,743	64,970,937
	Safety Net Assistance	40,891,414	42,706,237	50,747,833	53,549,113	55,519,720	57,135,344
	Child Care-DSS	30,145,832	30,173,583	30,445,359	30,664,831	31,232,755	31,459,317
	Children With Special Needs Program	59,248,230	68,976,061	62,267,073	64,135,085	66,059,138	68,040,912
	State Training School	3,835,380	3,063,648	3,051,702	3,273,561	3,511,549	3,766,839
	All Other Program Related Accounts	4,360,360	4,973,316	4,873,202	4,946,300	5,020,495	5,095,802
	Program Related Total	463,938,777	485,824,337	487,852,058	496,280,100	506,898,009	515,956,918
Debt Service							
	Interest-Revenue Antic Notes	479,353	367,234	1,015,360	650,000	650,000	650,000
	Interfund Debt Service Subsidy	61,261,829	54,276,102	60,657,818	62,977,795	63,889,360	67,501,614
	Debt Service Total	61,741,182	54,643,336	61,673,178	63,627,795	64,539,360	68,151,614
	Other Departmental Expense Total	1,037,323,440	1,065,919,126	1,081,544,177	1,102,883,533	1,126,670,345	1,151,907,277
	Total Fund 110 Expense	1,335,367,418	1,375,955,019	1,391,497,375	1,430,183,389	1,462,060,504	1,495,796,003
	Revenue Less Expense - Surplus/(Gap)	3,954,007	0	0	(9,324,533)	(4,725,245)	(2,037,164)



OVERVIEW

SNAPSHOT OF ERIE COUNTY



Geographic Size

Erie County is a metropolitan center located on the western border of the State covering 1,058 square miles. The County is bounded by Lake Erie to the west, Niagara County and Canada to the north, Genesee County and Wyoming County to the east, and Cattaraugus and Chautauqua Counties to the south. Half of the population in both countries as well as half of the personal income created by the United States and Canada are within 500 miles of Erie County. In addition, three-quarters of Canada's manufacturing activity and 55 percent of the United States' manufacturing activity fall within that radius. Located within the County are three cities and 25 towns, including the City of Buffalo, the second largest city in the State, which serves as the County seat.

Government

Erie County is governed under a home rule charter which provides for the separation of legislative and executive functions. The County Executive, elected to a four year term, is the chief executive officer and chief budget officer of the County. The County Legislature consists of eleven (11) members elected to two year terms and is the County's governing body. Other elected positions are Comptroller, County Clerk, District Attorney, and Sheriff.

Population

The Bureau of Census population statistics for Erie County are as follows:

<u>Year</u>	<u>Population</u>
1970	1,113,491
1980	1,015,472
1990	968,532
2000	950,265
2010	919,040

The population of the cities and five largest towns are as follows:

<u>Municipality</u>	<u>2010 Population</u>
Buffalo, City	261,310
Lackawanna, City	18,141
Tonawanda, City	15,130
Amherst, Town	122,366
Cheektowaga, Town	88,226
Tonawanda, Town	73,567
Hamburg, Town	56,936
West Seneca, Town	44,711

Economy

Erie County is a major New York industrial and commercial center. The following tables illustrate the major components of employment in the Buffalo-Niagara Falls Metropolitan Statistical Area (MSA).

Ten Largest Employers in WNY

<u>Organization</u>	<u>FTE Employees</u>
State of New York	24,764
U.S. Government	10,000
Kaleida Health	8,030
SUNY at Buffalo	7,106
Catholic Health Systems	6,709
Employer Services Corporation (ESC)	6,559
Tops Markets LLC	5,058
Wegmans Food Markets	5,000
M&T Bank	4,987
City of Buffalo Schools	4,949

Source: 2013 Business First Book of Lists

Total Erie County Labor Force

<u>Year</u>	<u>Total Labor Force</u>
2003	469,900
2004	473,200
2005	472,800
2006	470,200
2007	465,800
2008	471,800
2009	469,200
2010	466,300
2011	461,700
2012	462,500
2013*	463,900

Source: NYS Department of Labor/Local Area Unemployment Statistics Program, www.labor.ny.gov/stats/laus.asp
 *Average, as of July 2013

Ten Largest Taxpayers

(As of July 1, 2013)

	<u>Equalized Taxable Valuation</u>
National Fuel Gas	\$697,625,214
National Grid/Niagara Mohawk	695,541,671
Benderson Development Co.	486,137,175
Verizon	301,489,437
NYSEG	249,103,215
Pyramid Co. of Buffalo	180,928,487
BG – Various Properties	177,389,714
Norfolk/Conrail/CSX	147,453,929
Uniland Development	108,097,805
Ellicott Group, LLC	<u>100,129,428</u>
TOTAL	<u>\$3,143,896,075</u>

Source: Erie County Department of Real Property Tax Services, 2013 Annual Report

Total Market Value of Erie County Real Estate

Year	Equalized Full Market Value Tax Base	Percentage Change from Prior Year
2008	42,445,603,001	4.86%
2009	44,382,615,356	4.56%
2010	46,120,909,337	3.92%
2011	46,738,119,900	1.34%
2012	47,237,059,981	1.07%
2013	47,138,287,221	(.21)%
2014	48,022,414,453	1.88%

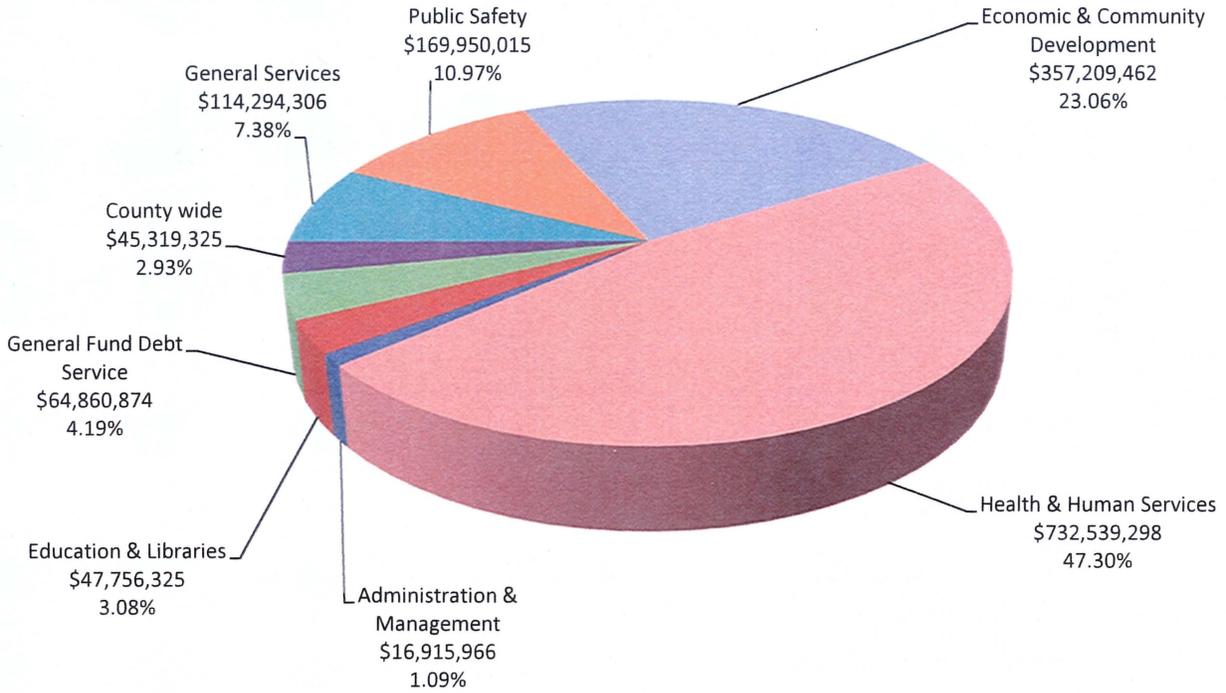
Source: Erie County Division of Real Property Tax Services



UNDERSTANDING THE 2014 ERIE COUNTY BUDGET

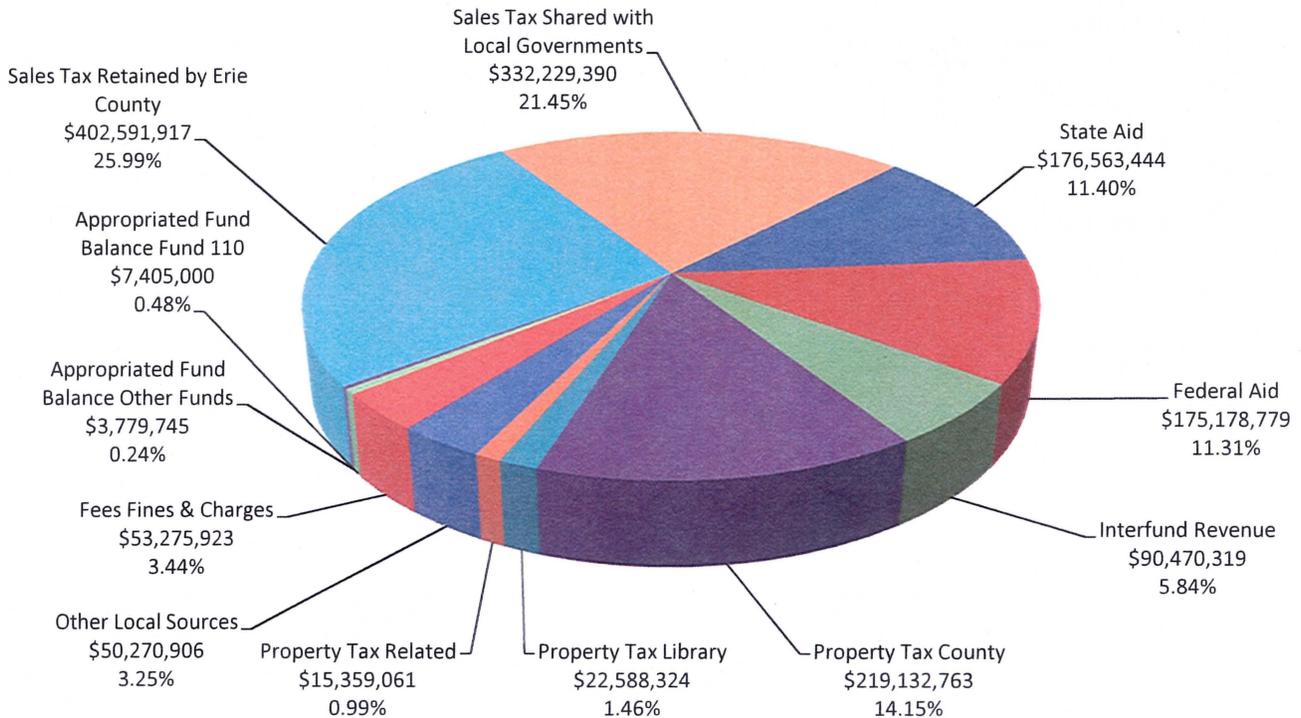
UNDERSTANDING THE 2014 COUNTY BUDGET

Where the Funding Goes



The Total 2014 Budget for All Operating Funds is \$1,548,845,571

Where the Revenue Comes From



UNDERSTANDING THE 2014 COUNTY BUDGET

Summary of Unassigned/Undesignated Fund Balances for All Funds 2004-2012 (amounts in thousands)

Fund Name	2004	2005	2006	2007	2008	2009	2010	2011	2012
110 General	(10,774)	4,647	23,069	32,961	45,389	74,045	66,904	83,489	88,332
210 Road	(4,484)	(7,898)	(6,911)	(6,977)	(4,000)	0	60	0	0
230 E-911	0	0	0	0	0	0	0	0	0
820 Library	550	629	2,216	2,599	2,342	3,311	27	1,726	2,942
310 Debt Service	0	0	0	0	0	0	124	0	0
Total	(14,708)	(2,622)	18,374	28,583	43,731	77,356	67,115	85,215	91,274

Source: County of Erie Comprehensive Annual Financial Reports

UNDERSTANDING THE 2014 COUNTY BUDGET

Overview of All Operating Funds in the 2014 Proposed Budget

110 General	\$1,391,497,375
140 Utility Fund	29,933,915
210 Road Fund	29,678,038
230 E-911 Fund	7,486,180
310 Operating Fund Debt Service	63,845,514
820 Library	26,404,549
<hr/>	
Total All Operating Funds	\$1,548,845,571

Additional Funds in the 2014 Proposed Budget

220 Sewer Districts	\$55,062,253
281 Grant Fund	28,025,013
290 Community Development Fund	5,264,351
310 Sewer District Debt Service	7,206,267
821 Library Grants	613,444
<hr/>	
Total	\$96,171,328
<hr/>	
Total All Funds	\$1,645,016,899



OVERVIEW OF REVENUES

PROPERTY TAX LEVY

2013 Budget: \$237,270,828
2014 Proposed: \$241,721,087

The County property tax levy represents the total amount of real property revenue to be raised by the County for County and Library purposes. The amount of the real property tax levy is the difference between total expenses and all other projected revenue sources, including sales tax. The proposed 2014 County property tax levy totals \$241,721,087.

A breakout of the total property tax levy into two required reporting categories for 2013 and 2014 totals:

	<u>2013 Budget</u>	<u>2014 Proposed</u>
General Fund	\$215,098,371	\$219,132,763
Library Fund	<u>\$ 22,172,457</u>	<u>\$ 22,588,324</u>
Total Property Tax Levy	\$237,270,828	\$241,721,087

New York State Property Tax Cap Law

On June 24, 2011 New York Governor Andrew M. Cuomo signed the state's new property tax cap legislation into law (Chapter 97 of the NYS Laws of 2011). Under the law, which took effect for Erie County in its 2012 budget year, the tax cap law establishes a limit on the annual growth of property taxes levied by the County to two percent (2%) or the rate of inflation, whichever is less. The County may also carry over "tax cap credits" from a prior year. The County's property tax levy cannot exceed the cap unless 60 percent (60%) of the total voting power of the local governing body approves such increase. For Erie County, a 60% vote by the County Legislature requires that 7 out of 11 legislators must vote to raise property taxes beyond the cap.

For the County's 2014 Budget, the cap threshold is \$4.7 million, which is 1.0058% growth. Under the law, that amount includes the Buffalo and Erie County Public Library real property tax levy and the County's independent sewer districts' property tax levies, and not just the County-purposes property tax levy.

The share of the tax levy for each jurisdiction is based on its percentage of the County's total equalized full value. For example, if 16.8 percent of the County's equalized full value is located in the Town of Amherst, then Amherst would be responsible for 16.8 percent of the total County property tax levy.

A sixteen-year history on the amount of Erie County's annual property tax levy is shown below.

**Seventeen-Year History
Erie County Property Tax Levy**

<u>Year</u>	<u>Amount of Property Tax Levy</u>	<u>Tax Rate/Per \$1000 Assessed Value</u>
2014	241,721,087	5.03
2013	237,270,828	5.03
2012	237,692,831	5.03
2011	235,182,208	5.03
2010	232,413,974	5.03
2009	223,306,326	5.03
2008	211,837,793	4.94
2007	200,031,205	4.94
2006	188,094,445	4.94
2005	157,641,229	4.34
2004	152,529,551	4.42
2003	152,529,551	4.54
2002	152,529,551	4.74
2001	152,529,551	4.78
2000	181,766,441	5.60
1999	221,666,391	6.85

Average County Full Market Value Property Tax Rate

When the operating budget is presented to the County Legislature, the average tax rate is expressed in terms of a rate per thousand dollars of equalized full value.

The average County property tax rate is calculated by dividing the tax levy by the total amount of County Equalized Full Market Value expressed in thousands:

	Total Equalized		Average County Full	
County Tax Levy	÷ Full Market Value	=	Market Property Tax Rate	
\$241,721,087	÷ \$48,022,414,453	=	\$5.03 per \$1,000 Assessed Value	

Equalized Full Market Value

In 2014 the amount of equalized full value has increased following a decrease in 2013 for the first time since 2001 and only the fourth time since 1979. In 2014, the County's equalized full market value tax base will increase by \$884,127,231. The amount of equalized full value is determined as follows:

	Total Taxable Assessed Value	÷	Equalization Rate (rounded)	=	Equalized Full Market Value
2013	\$36,547,149,813	÷	.7753	=	\$47,138,287,222
2014	\$37,056,202,070	÷	.7716	=	\$48,022,414,453

A seven-year history of Erie County's equalized full value property tax base is shown below:

Year	Equalized Full Market Value Tax Base	Percentage Change From Prior Year
2008	42,445,603,001	4.86%
2009	44,382,615,337	4.56%
2010	46,120,909,981	3.92%
2011	46,738,119,900	1.34%
2012	47,237,059,981	1.07%
2013	47,138,287,222	(.21)%
2014	48,022,414,453	1.88%

Constitutional Tax Margin

The constitutional tax margin of the County is determined in accordance with Section 10 of Article VII of the New York State Constitution. This limits the amount counties may raise in real estate taxes in any fiscal year, exclusive of debt service, to 1.5 percent (1.5%) of the five-year average full value of taxable real estate of the County.

The computation of the County's constitutional taxing power for 2014 is set forth below:

Estimated Computation of Constitutional Tax Power for 2014

2010	46,120,909,981
2011	46,738,119,900
2012	47,237,059,981
2013	47,138,287,222
2014	48,022,414,453
Total ^(a)	\$235,256,791,537
Five-Year Average Full Valuation	\$47,051,358,307
Tax Limit (1.5%)	705,770,375
Total Exclusions (Debt Bonds)	<u>60,973,788</u>
Total Taxing Limit	766,744,163
Less Total Tax Levy for 2014^(b)	<u>253,290,002</u>
Unused Tax Limit	\$513,454,161

^(a)The County's Constitutional Tax Limit is computed utilizing five years of full value as adjusted and provided by the NYS Comptroller's Office.

^(b)Includes taxes for certain election and community college expenses totaling \$11,568,915.

One-Percent Tax Cap

On November 13, 1978, the County enacted a local law limiting its property tax levy to one percent (1%) of the five-year average of full valuation, exclusive of debt service.

Pursuant to the terms of this local law, Erie County's estimated 1% property tax limit, adjusted for debt service, is \$531,487,371 leaving an unused tax margin of \$278,197,369.

The one-percent property tax limit is calculated as follows:

Five-Year Average Full Valuation	\$47,051,358,307
Tax Limit (1.0%)	470,513,583
Total Exclusions (Debt Bonds)	<u>60,973,788</u>
Total Taxing Power	531,487,371
Less Total Levy for 2013^(a)	<u>253,290,002</u>
Projected 1% Unused Tax Margin	\$278,197,369

^(a) Includes taxes for certain election and Community College expenses.

SALES TAX REVENUES

SALES TAX REVENUES

2014 Budget

Sales Tax Retained by Erie County	\$402,591,917
Shared with Cities, Towns, Villages, School Districts, NFTA	\$332,229,390
Total Sales Tax Revenues	\$734,821,307

Distribution

A general sales and compensating use tax of 8.75 percent is levied on all taxable retail sales in the County. Of the total 8.75 percent tax collected by New York State, 4.00 percent is retained as State revenue and 4.75 percent is returned to the County. In accordance with the sales tax sharing agreements, the 4.75 percent returned to the County is divided between the County and the Cities of Buffalo, Lackawanna, and Tonawanda; the towns, villages, school districts and the NFTA, with the County retaining approximately 55 percent of the total.

Sales Tax Sharing Formulas 4.75% Sales Tax

	3%	1% ⁽¹⁾	.75% ⁽²⁾
County of Erie:	31.1389%	100% (less \$12.5M)	100%
NFTA:	4.1666%	—	—
School Districts:	29.0000%	—	—
Cities:	10.0087%	—	—
Cities, Towns & Villages:	25.6858%	\$12.5 million	—

⁽¹⁾ 1% Sales Tax authorization expires November 30, 2015

⁽²⁾ .75% Sales Tax authorization expires November 30, 2015

SALES TAX SHARED WITH OTHER LOCAL GOVERNMENTS

The following table indicates 2014 estimated sales tax to Erie County and the amount of sales tax passed through to local jurisdictions.

	2014 Estimated Collections
County Share of Sales Tax	
3% Sales Tax	\$144,580,766
1% Sales Tax	142,268,955
.75% Sales Tax	<u>115,742,196</u>
Total 2014 Estimated County Share	\$402,591,917
Shared Sales Tax	
3% Sales Tax Distributed to Cities, Towns, Schools	\$300,383,134
1% Sales Tax Distributed to Cities & Towns	12,500,000
3% Sales Tax Distributed to NFTA (1/24 th of 3%)	<u>19,346,256</u>
Total to Other Jurisdictions	\$332,229,390
Total 2014 Estimated Sales Tax	\$734,821,307

ALL OTHER LOCAL SOURCE REVENUES

2013 Budget: \$94,844,792
2014 Proposed: \$96,980,871

2014 Distribution of All Other Revenues

	<u>Total</u>
Property Tax Related	\$15,359,061
Welfare Recoveries/Repayments	16,848,018
Hotel Occupancy Tax	8,980,200
Election Expense Respread	7,192,320
Interest Earnings-General Investments	400,000
Fees, Fines, Charges	27,453,490
Appropriated Fund Balance	7,405,000
Interfund Revenue	3,912,334
All Other Source Accounts	9,430,448
Total	\$96,980,871

Property Tax Related

2013 Budget: \$12,550,031
2014 Proposed: \$15,359,061

Property Tax Related revenue includes payments in lieu of taxes, revenue from property tax exemptions, interest and penalties on delinquent tax, provisions for uncollectable taxes, and real property deferred revenue adjustments.

Welfare Recoveries/Repayments

2013 Budget: \$21,694,435
2014 Proposed: \$16,848,018

Welfare recoveries/repayments are revenues produced by the Department of Social Services (DSS) collection program. DSS recoups excess amounts paid to clients and maximizes collections on all accounts established by fraud, over-grant or assistance repayment requirements. The reduction in 2014 reflects a shift to direct collection by New York State of some repayments and recoveries previously passed through the Department.

Hotel Occupancy Tax

2013 Budget: \$8,728,122
2014 Proposed: \$8,980,200

A Hotel Occupancy Tax, currently ranging from 3% to 5% of room charges, was enacted in 1975. These are general County revenues, and along with the property tax and sales tax revenue supports the total net County cost of all operations.

Board of Elections Respread Revenue

2013 Budget: \$6,561,928 – 2011 election expense
2014 Proposed: \$7,192,320 – 2012 election expense

This revenue is reimbursement from towns and cities for certain allowable expenses associated with the cost of conducting elections. The actual costs are billed back to the respective towns and cities two years later.

Interest Earnings-General Investments

2013 Budget: \$500,000
2014 Proposed: \$400,000

Interest earnings, as budgeted in Countywide Accounts–Comptroller, are revenue realized from the regular investment of available funds in certificates of deposit, treasury notes and repurchase agreements.

Fees, Fines, Charges

2013 Budget: \$26,103,627
2014 Proposed: \$27,453,490

Revenue is received by many departments from fees or charges for their services which are provided to the public, businesses, or other outside entities. These revenues are directly attributable to departmental operations and offset a portion of their costs of providing the service. Included in this category are such revenues as: County Clerk fees; license, permit and inspection fees; fines and penalties; tax assessment services; parks and recreation fees; public health clinic fees; and others.

Appropriated Fund Balance

2013 Budget: \$5,405,000
2014 Proposed: \$7,405,000

The 2014 budget utilizes \$7,405,000 of unassigned fund balance. \$2,000,000 of this revenue is proposed to be utilized for a capital project at the Buffalo and Erie County Botanical Gardens, as approved by the Capital Projects Committee.

Interfund Revenue

2013 Budget: \$ 0
2014 Proposed: \$3,912,334

The 2014 budget utilizes \$3,912,334 of residual equity transferred to the general fund. The revenue is based on available balances derived from the closing of dormant capital projects whose related debt service has already been paid off.

All Other Source Accounts

2013 Budget: \$12,782,014
2014 Proposed: \$ 9,430,448

This category of revenue includes such items as Off Track Betting revenue, Mortgage Tax, sale of scrap, Community College chargeback, and a wide variety of cash receipts.

STATE AID

2013 Budget: \$167,442,450
2014 Proposed: \$165,378,655

2014 Distribution of State Aid Operating Fund

	<u>Total</u>
Social Services	\$78,757,560
Youth Services	6,165,458
Youth Bureau	952,127
Health Department	3,641,500
Early Intervention/Special Needs	35,462,654
Mental Health	36,387,063
Probation	1,226,102
Sheriff/Jail	301,270
Law (Indigent Defense)	485,043
Buildings and Grounds	1,800,000
All Other Departments	199,878
Total	\$165,378,655

Department of Social Services

2013 Budget: \$73,022,000
2014 Proposed: \$78,757,560

Revenue is received by the Department of Social Services for the State share of Public Assistance and supportive social services programs including Temporary Assistance to Needy Families (TANF), known as Family Assistance in New York State, Safety Net Assistance, Child Care subsidies through the Child Care Development Block Grant (CCDBG), Child Welfare Services, Emergency Assistance, Handicapped Children and Medical Assistance.

Recent changes in State law have revised long standing reimbursement percentages for major programs and further revision may occur as a result of annual State budget action. Family Assistance is now 100 percent Federal, and Safety Net Assistance is 29 percent State and 71 percent local. Child day care subsidies for families in receipt of Family Assistance are reimbursed at 75 percent of total cost from the CCDBG.

The State share for administration of child support was eliminated in 2012. Offsetting amounts for the local retention of the former State share of collections offset the State share administrative loss.

State reimbursement is also provided for some categories of administrative costs at varying rates, depending on the program administered.

Administrative costs for Medical Assistance continue to be a component of the Medicaid Cap in 2014. Because the local share costs of Medical Assistance administration are included in the Medicaid Cap chargeback, the State will reimburse the non-federal share of Medical Assistance administration in the separate administrative claim. An administrative cap on the non-federal share of Medicaid was newly implemented in 2012 restricting the reimbursement of Medicaid administrative cost to the amount received in calendar year 2010. While the cap amount will likely not be exceeded in 2013 or 2014, this cap creates a future concern in cost shifts to the County.

State reimbursements for all foster care services and administration are capped in a Foster Care Block Grant (FCBG) in 2014. Uncapped 62 percent State reimbursement is available for child protection services and for foster care prevention, adoption administration and independent living services. Enhanced funding for adoption subsidies was eliminated in 2011 and these program expenses are now also 62 percent State-funded.

State funding for Community Optional Preventive Services (COPS) programs is included for a portion of the Operation Prime Time and Full Service Schools' programs in the 2014 proposed budget.

Youth Services

2013 Budget:	\$6,189,679
2014 Proposed:	\$6,165,458

State revenues are received to offset the operating costs of the secure and non-secure programs at the Youth Services Center. Services for Erie County youth in these programs are reimbursed at 49 percent of costs, while services for youth from other counties are reimbursed at 100 percent. The State share of Detention is now subject to a capped allocation. Additionally, reimbursement is received from the New York State Department of Education for the breakfast and lunch program provided at the Detention Facility.

Youth Bureau

2013 Budget: \$978,570
2014 Proposed: \$952,127

State revenues are received from the State Office of Children and Family Services for Youth Development and Delinquency Prevention, Runaway and Homeless Youth, the Partnership for Youth and for the Special Delinquency Prevention program (SDPP). The Supervised Treatment Services for Juvenile Program (STSJP) is included in the Youth Bureau Budget with 62 percent State funding. These programs are aimed at creating a healthy community environment for positive youth development as well as establishing recreational programs in an effort to deter delinquent behavior. A majority of the State revenues are redirected to other municipal and community-based agencies whose programs are monitored for effectiveness by the department. Additionally, State reimbursement is received for 49 percent of the Youth Bureau's administrative costs. Amounts budgeted reflect the impact of state reimbursement reductions expected to continue on an ongoing basis and are consistent with current actual allocations.

Health Department

2013 Budget: \$3,546,408
2014 Proposed: \$3,641,500

The Health Division is reimbursed at 36 percent of net operating costs for State mandated public health functions including health education, disease control, environmental health, family health and community health assessment services. State reimbursement to the Division of Emergency Medical Services, the Public Health Lab and the Medical Examiner is budgeted at 36 percent of net operating costs.

Early Intervention/Pre-K/Special Education/Administration

2013 Budget: \$37,737,303
2014 Proposed: \$35,462,654

Revenues are received by the Department of Health from the State Education Department to support State mandated education and therapeutic services for 3 and 4 year old children with developmental delays. Reimbursement is budgeted at 59.5 percent of the eligible costs incurred for evaluations and corresponding services provided to children. Administrative costs for the 3 and 4 year old program are reimbursed at \$75 per child served and/or evaluated. Other administrative costs are reimbursed at 30 percent by the State Health Department. Additionally, State revenues are received to support the Early Intervention Case Management Program serving infants and toddlers ages birth through 2 with developmental delays and their families. This program provides early intervention therapeutic services at home or in a day care

center rather than at a facility-based program. Payments made by the department for screenings/evaluations, case management, and early intervention services such as speech or physical therapy are reimbursed at 50 percent by the State Health Department.

Department of Mental Health (*including Forensic Services*)

2013 Budget: \$41,225,974
2014 Proposed: \$36,387,063

Reimbursement is received by the Department of Mental Health in four different disability program areas and administration. This revenue includes a combination of 100 percent State funding for many program services and 50 percent deficit funding for other services and administration.

The State Office of Mental Health provides the majority of total funding. It supports Department services aimed at prevention and early detection of mental illness, and the maintenance of a comprehensive system of care, treatment and rehabilitation for the mentally ill. State funds from the Office of Mental Retardation and Developmental Disabilities are received to provide services designed to maintain the independence of mentally retarded or developmentally disabled clients in the least restrictive setting. Funds from the State Office of Substance Abuse Services support services and rehabilitation programs for clients who abuse drugs and for clients who experience the problems of alcoholism and alcohol abuse. Additionally, State revenues are received to support one-half of the cost of forensic mental health services provided to adults and children involved with the criminal court or family court systems. Increased Medicaid billing by community based contract agencies for clinic treatment and other services substantially offsets the expenses that would otherwise be directly claimed for State Mental Health reimbursement.

Probation Department

2013 Budget: \$1,225,778
2014 Proposed: \$1,226,102

Reimbursement is received from the NYS Division of Criminal Justice Services, Office of Probation and Correctional Alternatives for expenses incurred by the Probation Department.

Sheriff's Department and Jail Management

2013 Budget: \$281,900
2014 Proposed: \$301,270

The Sheriff's Department is reimbursed for expenses related to the patrol and enforcement of navigation and snowmobile laws in Erie County.

Law (Account 405210 Indigent Defense)

2013 Budget: \$970,086
2014 Proposed: \$485,043

Revenues are utilized to offset the expense incurred in providing legal defense for the indigent. State funding has decreased annually since 2008 for this mandated function.

Buildings and Grounds (Account 405170)

2012 Budget: \$2,100,000
2013 Proposed: \$1,800,000

State revenues are for the reimbursement of the operation and maintenance of court facilities and interest costs associated with court improvements.

All Other Departments

2013 Budget: \$166,882
2014 Proposed: \$199,878

Other county departments receive minor state reimbursement for items such as burial costs of indigent veterans, handicapped parking surcharges, the district attorney's salary and octane testing.

FEDERAL AID

2013 Budget: \$177,674,305
2014 Proposed: \$175,178,779

2014 Distribution of Federal Aid Operating Fund

	<u>Total</u>
Social Services	\$164,624,770
Youth Detention	44,700
Early Intervention/Pre-K/Special Ed	1,876,095
Sheriff/Jail	110,808
Emergency Services	295,000
Mental Health	5,880,946
Medicare Part D	2,300,000
District Attorney	36,500
Probation	9,960
Total	\$175,178,779

Department of Social Services

2013 Budget: \$167,735,860
2014 Proposed: \$164,624,770

Reimbursement is received by the Department of Social Services for the federal share of public assistance and supportive social services programs. These programs include Temporary Assistance to Needy Families (TANF) known as Family Assistance in New York State, Child Day Care subsidies through the Child Care Development Block Grant (CCDBG), Medical Assistance, Foster Care and Adoption for children who qualify, and Social Services Block Grant (SSBG) supportive services under Title XX of the Social Security Act. For most of these programs, the Federal reimbursement was historically based on one-half of the total cost, but this is no longer the case, as New York State has been charged reimbursements for several programs. Family Assistance is now reimbursed at 100 percent Federal share. Child day Care subsidies for low income families are reimbursed at 100 percent of cost from the CCDBG up to a fixed allocation ceiling. SSBG services are reimbursed at 100 percent of cost up to a fixed ceiling. Federal reimbursements are also received for administrative costs for programs such as TANF/Family Assistance, Employment program administration, Medical Assistance, Food Stamps, Foster Care and Adoption, and Child Support.

Reimbursement of some TANF-funded administrative, transitional services and employment programs is consolidated in the Flexible Fund for Family Fund for Family Services (FFFS). A transfer of \$2.1 million from the FFFS to the CCDBG is included in the 2014 Budget.

The 2014 budget reflects the continued recovery of prior-year Food Stamp administrative reimbursements due to retroactive changes in the federal cost allocation methodology.

Youth Services

2013 Budget: \$45,883
2014 Proposed: \$44,700

Federal revenue received in the Detention Facility is reimbursement for meals under the School Food Programs.

Early Intervention/Pre-K/Special Education

2013 Budget: \$1,341,717
2014 Proposed: \$1,876,095

The revenue budgeted represents the county's Federal share of Medicaid partial reimbursement for services given to children in the Preschool Program, ages 3 and 4 and to children in the Early Intervention Program, ages birth through two. The Preschool Program portion is \$1,680,000 and represents the county's 40.5% share of this Federal revenue for the medical component of the various special education services.

Sheriff's Department and Jail Management

2013 Budget: \$181,606
2014 Proposed: \$110,808

Federal revenue is received from the Social Security Administration through the prisoner reporting incentive program. In addition, some federal aid is provided in the Sheriff Division for drug enforcement activities.

Department of Emergency Services (Account 410500)

2013 Budget: \$275,000
2014 Proposed: \$295,000

Revenues are received from the Federal Emergency Management Agency to support the planning and coordination of emergency response activities.

Department of Mental Health

2013 Budget: \$5,673,534
2014 Proposed: \$5,880,946

Revenues are received from the Department of Housing and Urban Development to support housing costs and supportive costs to enable consumers of mental disability and chemical dependency services to be maintained in the community. Where required, these costs are matched by state aid and by the valuation of other community-provided services.

Medicare Part D (Account 414100)

2013 Budget: \$1,975,731
2014 Proposed: \$2,300,000

Revenues are received from the Federal government that help Erie County pay the cost of drug prescription coverage for its retirees.

District Attorney

2013 Budget: \$42,000
2014 Proposed: \$36,500

Federal money is allocated to the District Attorney's Office for activities associated with the City of Buffalo Police Department.

Probation

2013 Budget \$12,974
2014 Proposed \$ 9,960

Reimbursement is received by the Probation Department for costs associated with FBI investigations.



OVERVIEW OF EXPENDITURES

GENERAL FUND EXPENDITURES

TOTAL GENERAL FUND EXPENSES FOR COUNTY DEPARTMENTS

2013 Budget: \$1,375,955,019
2014 Proposed: \$1,391,497,375

2014 Distribution of General Fund Expenses

	<u>Total</u>
Personal Services	\$193,589,020
Fringe Benefits	124,964,178
Employer Contribution Stabilization	(8,600,000)
Supplies and Repairs	10,021,307
Sales Tax to Local Governments	332,229,390
Contractual Expense	129,091,614
ECMCC Subsidy	16,200,000
Social Services Assistance & Programs	409,104,985
Early Intervention/Pre-K/Special Ed	62,267,073
Interfund Transfers (County Share)	40,248,424
Debt Service	61,673,178
All Other Expense	20,708,206
Total	\$1,391,497,375

Personal Services

2013 Budget: \$185,290,575
2014 Proposed: \$193,589,020

Personal Service appropriations cover salary and wages for full-time positions budgeted in the General Fund, as well as for overtime and part-time expenditures.

Fringe Benefits

2013 Budget: \$124,745,318
2014 Proposed: \$124,964,178

Fringe benefit expenses are budgeted at the department level in the operating fund.

Employer Contribution Stabilization

2013 Budget: -0-
2014 Proposed: \$(8,600,00)

In 2014, the County will participate in the New York State Employer Contribution Stabilization Program which will provide a savings of \$8,600,000 in retirement expense by amortizing a portion of our pension obligation.

Sales Tax to Local Governments

2013 Budget: \$326,325,317
2014 Proposed: \$332,229,390

The County shares sales tax collection with cities, towns, villages, school districts and the NFTA. Details can be obtained in the revenue section of this document.

Supplies and Repairs

2013 Budget: \$ 9,680,765
2014 Proposed: \$10,021,307

This expense category includes general office, medical, repair and maintenance supplies; in addition to food for inmates at the Jail and Correctional Facility. It also includes the purchase of fuel for vehicles countywide.

Contractual Agency Payments

2013 Budget: \$131,277,553
2014 Proposed: \$129,091,614

The major accounts comprising this appropriation include: Social Services contractual agencies - \$17,273,733; and \$1,307,758 for payments to various youth programs such as Operation Prime Time. Mental Health contractual agency payments total \$49,377,059.

Other agency expense includes: Community College payments for residents enrolled in other Community Colleges \$5,722,459; Convention & Visitors Bureau/Convention Center \$4,908,033; Buffalo Niagara Film Commission-WNED \$131,950; Greater Toronto Area economic development office \$100,000; cultural/community/neighborhood development support totaling \$8,094,567; Indigent Defense \$11,586,005; and for NFTA 18-b support \$3,657,200.

Note on NFTA payments:

County support for the NFTA not only includes the State-mandated 18-b subsidy of \$3,657,200, equal to 89.2% of the State appropriation (currently \$4,100,000), but also a dedicated portion of Sales Tax.

NFTA	Sales Tax	County Subsidy (18-b)	Total
2013 Budget:	\$18,963,903	\$3,657,200	\$22,621,103
2014 Proposed:	\$19,346,256	\$3,657,200	\$23,003,456

ECMCC Subsidy

2013 Budget:	\$16,200,000
2014 Proposed:	\$16,200,000

The County also budgets a net appropriation on behalf of ECMCC of \$16,200,000 for the cost for State mandated supplemental Medicaid payments. Supplemental Medicaid payments are periodically received by the Erie County Home and the Erie County Medical Center which are designed to draw down the maximum possible federal reimbursement to those public facilities in recognition of their high proportions of Medicaid and indigent care. Payments to the Erie County Home are known as Upper Payment Limit (UPL) supplements, while payments to the Erie County Medical Center are known as Disproportionate Share (DSH) supplements. These payments require a 50 percent local share match, the costs of which are excluded from the Medicaid Cap.

Social Services Assistance Payments and Program Expenses

2013 Budget:	\$409,638,276
2014 Proposed:	\$409,104,985

The majority of Social Services Fund expenditures are for assistance payments made to or on behalf of eligible families or individuals. There are seven major assistance programs and a number of other smaller programs:

Family Assistance (Account 525040)

2013 Budget:	\$42,625,150
2014 Proposed:	\$44,861,871

Public assistance benefit payments are made for basic needs, shelter and utilities, etc., to families eligible for this Federal/State/local program. Welfare reform at the Federal level replaced (Aid to Families with Dependent

Children) AFDC with (Temporary Assistance to Needy Families) TANF in August 1996. In New York State, TANF is known as Family Assistance.

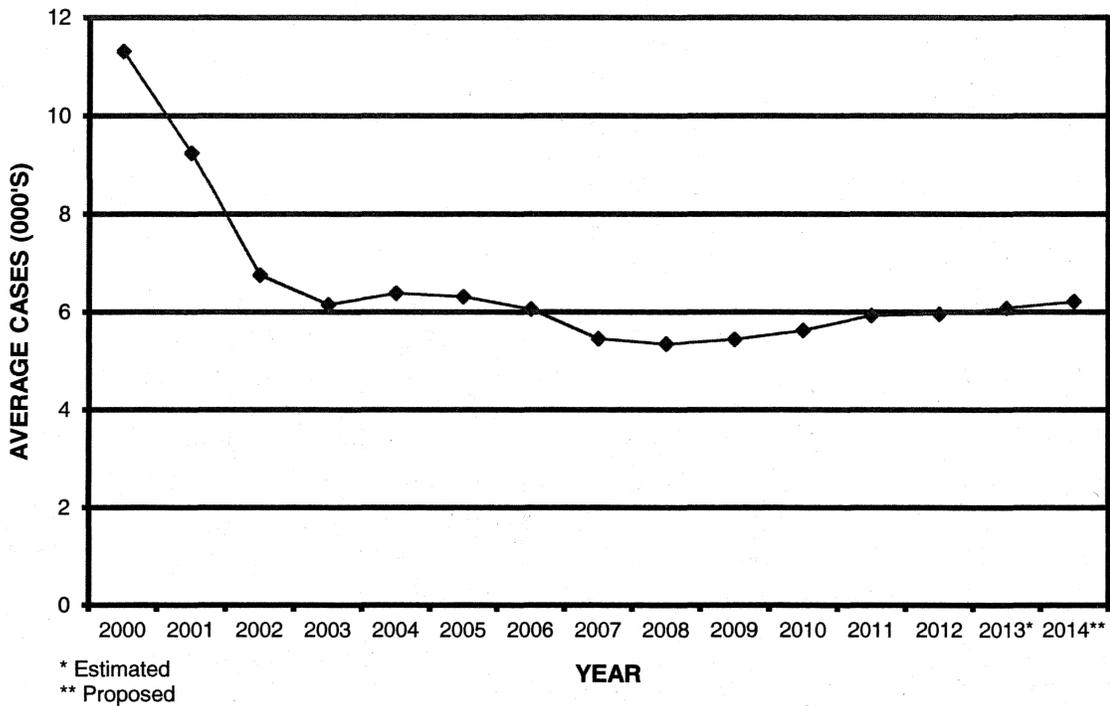
Federal Welfare Reform legislation enacted in December 1996 ended the Federal entitlement to public assistance. It provides funding to the states in the form of fixed block grants to cover temporary assistance to families. Limits are placed on the length of time families may receive Federal TANF (Family Assistance) benefits, and new work requirements are imposed for nearly all adults in Family Assistance (TANF) cases. There is a five-year (60-month) lifetime limit on Family Assistance benefits. For cases in which individuals fail to comply with drug or alcohol dependency assessment and treatment requirements, benefits must be restricted to non-cash voucher payments to landlords and utility companies with only a small personal needs allowance.

Benefits are also restricted to non-cash voucher payments and small personal needs allowances when the five-year (60-month) lifetime limit on Family Assistance eligibility is reached. This occurred for the first cases in December 2001, and additional cases reach their limit each month thereafter.

Caseloads are funded at an average level of 6,217 cases per month in 2014 with an average base monthly cost per case of \$457.71.

The 2014 caseload estimate reflects caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase for the balance of 2013 and 2014 at a monthly rate of 39 cases. This produces a beginning trend caseload estimate for 2014 that averages 6,406 cases per month.

**TREND OF FAMILY ASSISTANCE CASES
(With Time Limit Shifts)**



This beginning caseload estimate must, however, be reduced to reflect the transfer of currently active cases to Safety Net Assistance when they reach their 60-month lifetime federal eligibility limit. Another 348 cases are expected to reach their time limits and to be shifted to Safety Net Assistance by the end of 2014 at the current rate of 29 new cases shifted per month. In all, a monthly average of 189 time limit cases are subtracted from the trend estimate of 6,406 cases to arrive at the budgeted monthly average caseload of 6,217 which accounts for the cases that will move to Safety Net Assistance.

The 2014 monthly base cost per case estimate of \$457.71 is consistent with current actuals with adjustments to provide for voucher fuel cases.

The amount budgeted in 2014 includes an adjustment of \$6,383,412 added to the base for the costs of benefit increases enacted in the 2009-2010 State Budget. The basic grant was to be increased annually by 10 percent for three years beginning July 2009. The 2011 increase was delayed by New York State until July and October 2012. The adjustment covers the full annual cost of the 2009, 2010 and 2012 increases in 2014.

The appropriation includes added amounts for utility emergency assistance, \$1,528,815; for supplemental payments to clients as required in an annual

reconciliation of fuel allowances to actual costs, \$331,775; and \$2,470,562 for non-utility emergency assistance (formerly EAF). These amounts are consistent with current costs and cost trends.

There is no local County Share cost of the Family Assistance program.

Safety Net Assistance (Account 525060)

2013 Budget:	\$42,706,237
2014 Proposed:	\$50,747,833

Public Assistance benefit payments are made for basic needs, shelter and utilities, etc., primarily to single individuals or childless couples who are eligible for this State/local general assistance program. Formerly known as Home Relief, this program now incorporates a two-year lifetime limit on cash benefits. After two years, and for those cases with individuals exempted from work activities because they are in drug or alcohol rehabilitation, or for those failing to comply with assessment and treatment requirements, benefits must be restricted to non-cash direct voucher payments to landlords and utility companies with only a small personal needs allowance.

Welfare reform and the creation of the new Safety Net Assistance program has affected caseloads and costs per case in much the same way as described above for the Family Assistance Program.

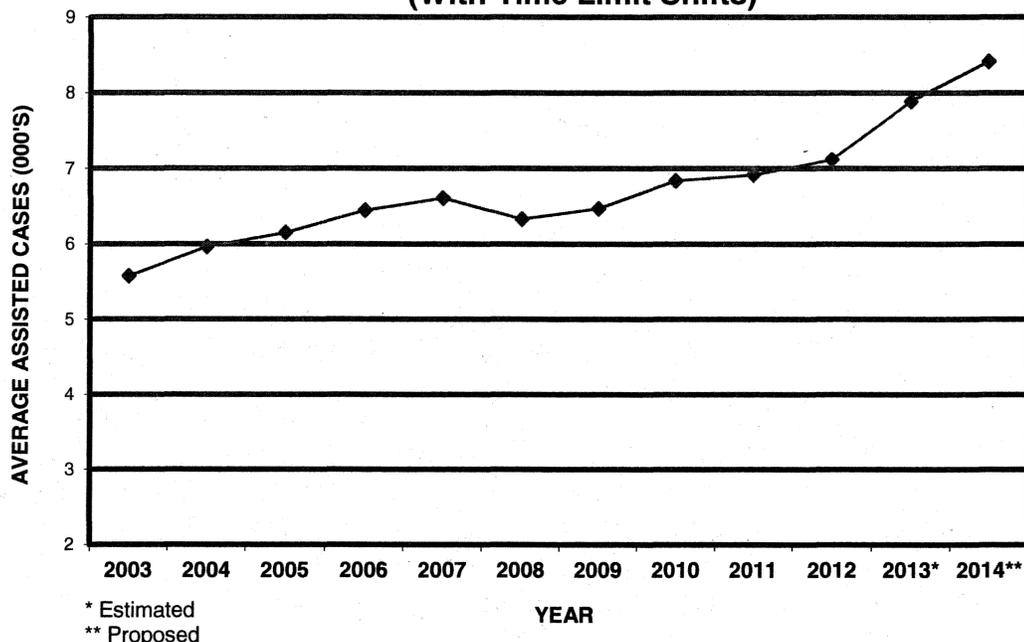
Caseloads are funded at an average level of 8,417 cases per month in 2014, with an average base monthly cost per case of \$432.55.

The 2014 caseload estimate is based on caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase for the balance of 2013 and 2014 at a monthly rate of 42 cases. This produces a trend caseload estimate for 2014 that averages 8,417 per month.

To this beginning caseload estimate must be added those new cases that will transfer to Safety Net Assistance when they reach their 60-month federal eligibility time limit in Family Assistance. As indicated earlier, a monthly average of 189 new cases are expected to be shifted into Safety Net Assistance. Many of these and previously transferred clients, however, are employed and case closings due to employment and income are expected to result in smaller net increase in the number that will actually be maintained in Safety Net Assistance in 2014.

In all a monthly average of 52 of these cases are added to the trend estimate of 8,365 cases to arrive at the budgeted average monthly caseload of 8,417.

TREND OF SAFETY NET ASSISTANCE CASE (With Time Limit Shifts)



The 2014 base monthly cost-per-case estimate of \$432.55 is consistent with current actuals with adjustments to provide for voucher fuel cases.

The amount budgeted in 2014 includes an adjustment of \$6,429,624 added to the base for the costs of benefit increases enacted in the 2009-2010 State Budget. The basic grant was to be increased annually by 10 percent for three years beginning July 2009. The 2011 increase was delayed by New York State until July and October 2012. The adjustment covers the full annual cost of the 2009, 2010 and in 2012 increases in 2014.

The appropriation includes an additional \$240,275 for utility emergency assistance and \$388,572 for supplemental payments to clients as required in an annual reconciliation of fuel allowances to actual costs.

The County share cost of the Safety Net Assistance program is \$ 32,057,296 in 2014 after subtracting client repayments, 29 percent State reimbursements and other revenues from the gross appropriation. This is an increase of \$5,676,360 (21.5 percent) compared to the 2013 Adopted Budget amount.

Medicaid – MMIS Local Share (Account 525000)

2013 Budget: \$219,748,429 (53 weekly payments)
2014 Proposed: \$217,160,208 (52 weekly payments)

This appropriation is the County's net local share of all Medicaid – related costs under the State's Local Share Medicaid Cap which was effective beginning January 2006.

Legislation establishing a Medicaid Cap was enacted in 2005. The legislation set 2005 actual cash local share costs as a base year, with costs in subsequent years fixed by an annual inflation factor. An important change was made in 2012 establishing the 2012 Medicaid Cap as the new base year for subsequent years.

The State fiscal year 2012-2013 State Budget included a phase out of the local share increases which will be limited to 1% of the 2013 Medicaid Cap amount in 2014 and no increase in 2015 and beyond, as currently legislated. In any year, if actual local share costs are lower than the Medicaid Cap amount, counties will be refunded the overpayment.

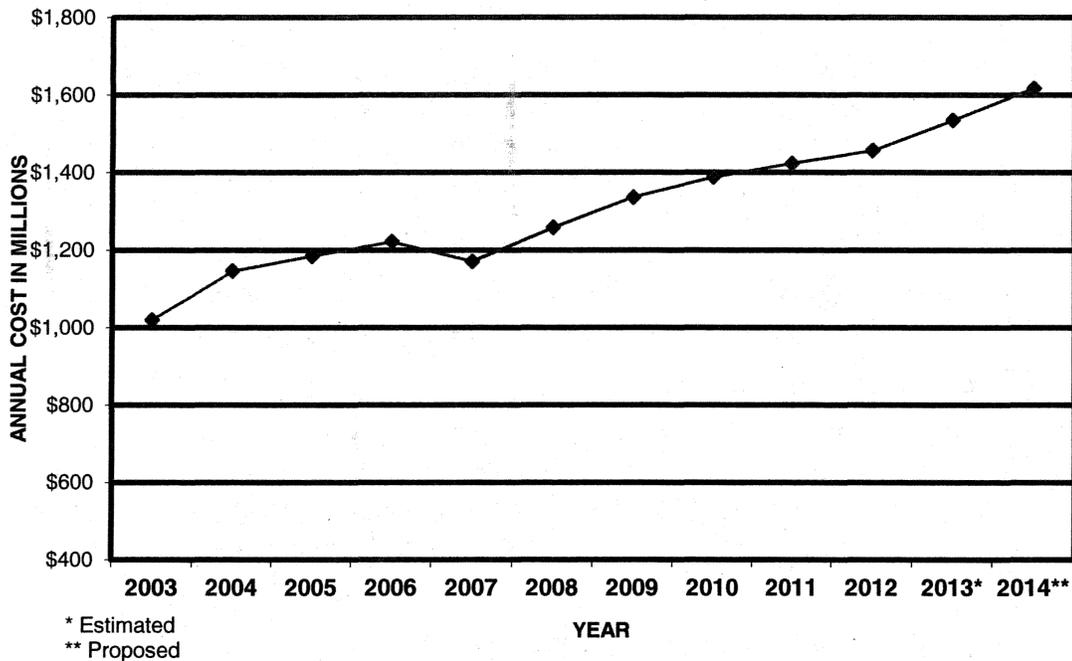
In contrast to the MMIS local share chargeback in prior years, the Medicaid Cap is all inclusive, covering the local share costs of the following components:

- Payments made to providers through the State MMIS billing/payment system (now known as eMedNY) for services rendered to eligible persons. Total medical bills are paid by the eMedNY system and the County is charged back only the local share of the gross payments made.
- Payments made locally by Erie County to transportation providers and insurance companies and other client medical expense reimbursement that are claimed for reimbursement of Federal and State shares.
- Medicaid program administration costs that are part of the monthly reimbursement claim. The non-federal share of Medicaid administration is now capped at 2011 expense amounts. The Department is monitoring this expense and the expectation at this time is that neither 2013 nor 2014 will result in cap overage.
- All revenues associated with Medicaid programs such as repayments.
- Medicare Part A and B premium and copayments and Part B charges that are charged quarterly to Medicaid.

- Other “off line” payments such as bad debt pool and similar quarterly payments to providers.

Excluded entirely from the Medicaid Cap are costs associated with the Family Health Plus program. The local share of Family Health Plus was entirely assumed by the State in September 2005. Also excluded from the Medicaid Cap are annual Indigent Care adjustment payments to providers that total \$2,331,775 local share.

TREND OF MEDICAID COST (Gross Cash Basis)



The 2014 appropriation is the amount of the 2014 Erie County Local Share Medicaid Cap plus the local share of the Indigent Care adjustment payments. It totals \$217,160,208 for all of the components listed above.

The calculation of the required appropriation starts from the total of actual cash payments required in calendar year 2014. This amount is \$214,828,433. The Indigent Care adjustment adds another \$2,331,775 for a total of \$217,160,208.

The amount required for the 2014 calendar year reflects weekly cash payments for the 2013-2014 State Fiscal Year and the 2014-2015 State Fiscal Year Medicaid caps that are both calculated based on the State's 52 payment cycles and are apportioned to the County's 52 weekly payment cycles. The 2013-2014 State Fiscal Year Cap reflects one-time adjustments made by the State for additional federal aid related to the Affordable Care Act. The 2014-2015 State Fiscal Year Cap is the statutory cap.

Elsewhere in the budget is a separate appropriation in the amount of \$16.2 million for the local share of supplemental federal payments to the Erie County Medical Center – for Disproportionate Share (DSH). These supplemental payments are specifically excluded from the Medicaid Cap.

Medicaid - Gross Local Payments (Account 525030)

2013 Budget:	\$2,767,108
2014 Proposed:	\$2,698,240

Certain Medicaid payments are made directly to providers by the Erie County Department of Social Services, rather than through the State MMIS (eMedNY) system. Services paid locally from this appropriation include medical insurance premiums when private insurance coverage is available and cost-effective, and other miscellaneous medical expenses. Most all medical transportation services previously paid locally from this account were shifted to the State MMIS payment system late in 2009.

The 2014 appropriation includes \$1,393 for medical transportation unable to be paid through MMIS, \$2,502,458 for insurance premiums and \$194,389 for other expenses.

Because of the Medicaid Cap which includes the local share of these local payments there is no separate local share associated with this appropriation. Repayment and other revenues received locally and applied against these costs in the past will be returned to the State in claiming adjustments.

Child Welfare Services (Account 525050)

2013 Budget:	\$57,357,913
2014 Proposed:	\$58,244,810

This appropriation is used to pay for the costs of the care of children placed by the Family Court into the custody of the Commissioner of Social Services. These children reside in foster homes, group homes and in child caring institutions. A majority of children are in foster home placements in connection with child protection cases. Placements in group homes and institutions are ordered primarily for Persons in Need of Supervision (PINS) or for Juvenile Delinquents (JD's).

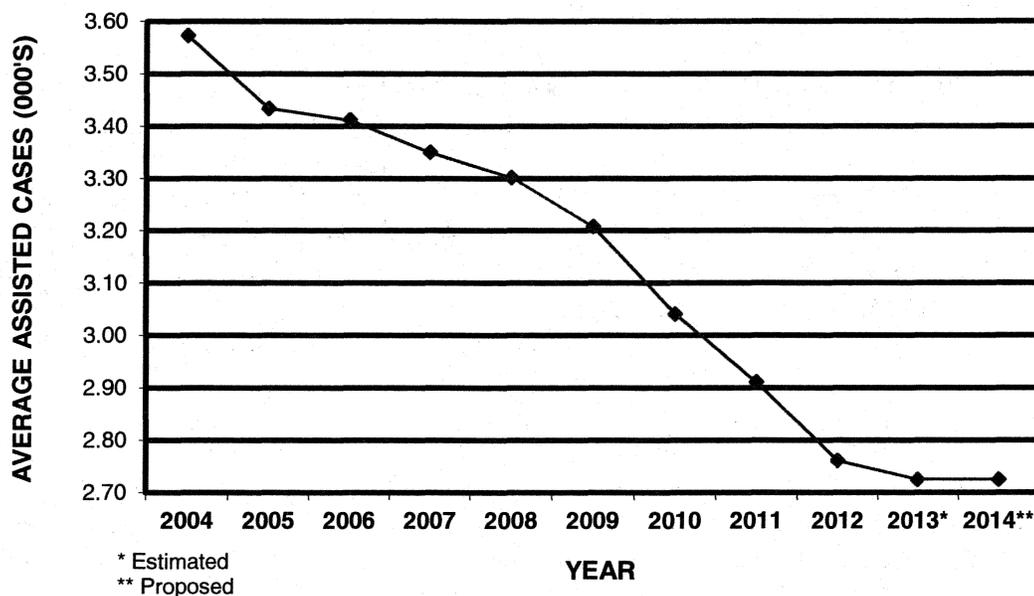
Appropriations in the 2014 budget are estimated based on analyses of historical and current trends of expenditures, children in care, monthly costs per child, and changes in per diem board, tuition and other rates.

Children assisted are funded at an average level of 2,725 per month in 2014, with an average monthly cost per child of \$1,781.19.

Based on present trends, the average monthly number of children funded in 2014 is maintained at the 2013 estimate of children in care, which is currently 114 children below 2013 budgeted levels. The ability to hold the total number of children served relatively steady over the last eight years is a major accomplishment after years of steady growth and given recent increases in Child Protection activity that often lead to placement. This reflects final assessment reform, enhanced front door strategies and expanded preventive services option.

Even more significantly, the proportion of children in foster care has decreased, and is expected to continue to be reduced, while the proportion of adoptions and children receiving adoption subsidies increases. The benefits of special initiatives to reduce placements and lengths of stay in costly institutional settings are expected to continue to favorably impact both the number of children in care and overall costs in 2014.

TRENDS OF CWS ASSISTED CHILDREN (Foster Care and Institutional Care)



Costs per child assumed in 2014 incorporate regular congregate care rate increases of 2.76 percent in July 2013 and July 2014, as compared to current actual rates, as well as a 3.2 percent added cost of living (COLA) rate increase required by the State effective in April 2014. The average monthly cost per child also reflects changes in the distribution of children among the various levels of care, as well as the expected continued moderation in institutional care lengths of stay.

The County share cost of Child Welfare Services is \$17,706,157 in 2014 after subtracting client repayments and Federal and State reimbursements from the gross appropriation. Federal TANF/EAF revenues for foster care and PINS/JD institutional costs are budgeted at the current estimated ceilings.

Child Welfare Services costs, including foster care and PINS/JD institutional costs which cannot be claimed for federal TANF/EAF reimbursement, are included, along with Foster Care administrative costs, in the State's Foster Care Block Grant (FCBG). The FCBG covers 100 percent of non-federal costs up to the Block Grant ceiling, after which non-federal costs become 100 percent local share. Adoption Subsidy expenses are reimbursed separately from the FCBG with a reduced (net of Federal) State share of 62 percent (as compared to 73.5 percent in 2011) costs. There is no fixed cap to adoption subsidy reimbursement.

Child Care Development Block Grant (Account 525092)

2013 Budget:	\$27,616,217
2014 Proposed:	\$27,693,607

Child care (daycare) subsidies are provided to low income families and those in receipt of Public Assistance through the Child Care Development Block Grant (CCDBG) to enable them to maintain employment or to engage in work activities. Low income families with incomes below 200 percent of the Federal Poverty Level are eligible for subsidies in that vary, depending on the daycare setting. Child care subsidies are provided for families in receipt of Public Assistance to enable the parent to accept and retain employment or to participate in required work activities. The amount of the subsidy varies with the daycare setting.

The 2014 budgeted amount is based on recent trends in the number of children subsidized in the various daycare settings and payments to providers. A monthly average of 3,306 children in low income families are expected to receive subsidies in 2014. Children in Public Assistance families receiving subsidies are estimated at 1,922 on average each month, a number necessary to support the level of work activity participation required of parents. The 2014 total cost of low income subsidies is budgeted at \$17,202,669. These costs are 100 percent reimbursed with federal funds through the Child Care Development Block Grant. The budget includes \$10,490,938 for mandated subsidies to children in Public Assistance Families. These costs are reimbursed with state funds through the Block Grant at 75 percent of cost. The 25 percent local share cost for Public Assistance children is \$2,622,734 in 2014.

Other Programs

2013 Budget: \$7,817,222
2014 Proposed: \$7,698,416

In this category are appropriations for a number of smaller programs administered by the Department of Social Services. These include: Account 525070 – Emergency Assistance to Adults (EAA), \$1,134,931; Account 525080 – Education of Handicapped Children in residential schools, \$624,585; Account 525130 State Training School chargebacks, \$3,051,702; Accounts 525100 and 525110 – expenses for housekeeping and home-delivered meal assistance, \$103,136; and Account 525120 – expenses for the special needs of individuals in Adult Family Homes, \$2,310. Amounts budgeted in 2014 reflect current trends in utilization.

Child care funded by Title XX, in cases of child protection and for purposes of foster care prevention, totals \$2,751,752 for 377 children in Account 525091 in 2014, and Home Energy Assistance Program (HEAP) benefit costs total \$300,000 (account 525150).

Early Intervention/Pre-K/Special Ed

2013 Budget: \$68,976,061
2014 Proposed: \$62,267,073

Developmental and special education programs are administered by the Department of Health, Division of Services to Persons with Special Needs. Children, birth through two years old, are identified, evaluated and placed in developmental programs by the County's Early Intervention Case Management program. Children three and four-years old are identified, evaluated and placed in special education programs by the local school districts. Eligible service costs for three and four-year old children are paid by the County and are reimbursed partially by the State Education Department. Some services to eligible three and four-year-old children also may be claimed for the Federal share of Medicaid.

Under Chapter 243 of the laws of 1989, the County also is responsible for a 10 percent share of the cost of the school age (ages five to twenty-one) summer program which is billed to the County on a net basis at the end of each school year. In addition, the County is responsible for a portion of the cost of the special committees of local school districts which place children in preschool programs.

Under 1993 State legislation, the County is responsible for the provision of various developmental services such as occupational therapy, physical therapy, speech therapy and pre-school education in the Early Intervention Program for infants and toddlers with developmental delays and their families. Services are based on an

Individual Family Service Plan developed by the family, an evaluator, a County case manager and the County local early intervention official (designated by the County Executive). The County is able to access Medicaid and third-party insurance reimbursement for eligible children. Remaining eligible service costs are paid by the County and are reimbursed partially by the State Health Department.

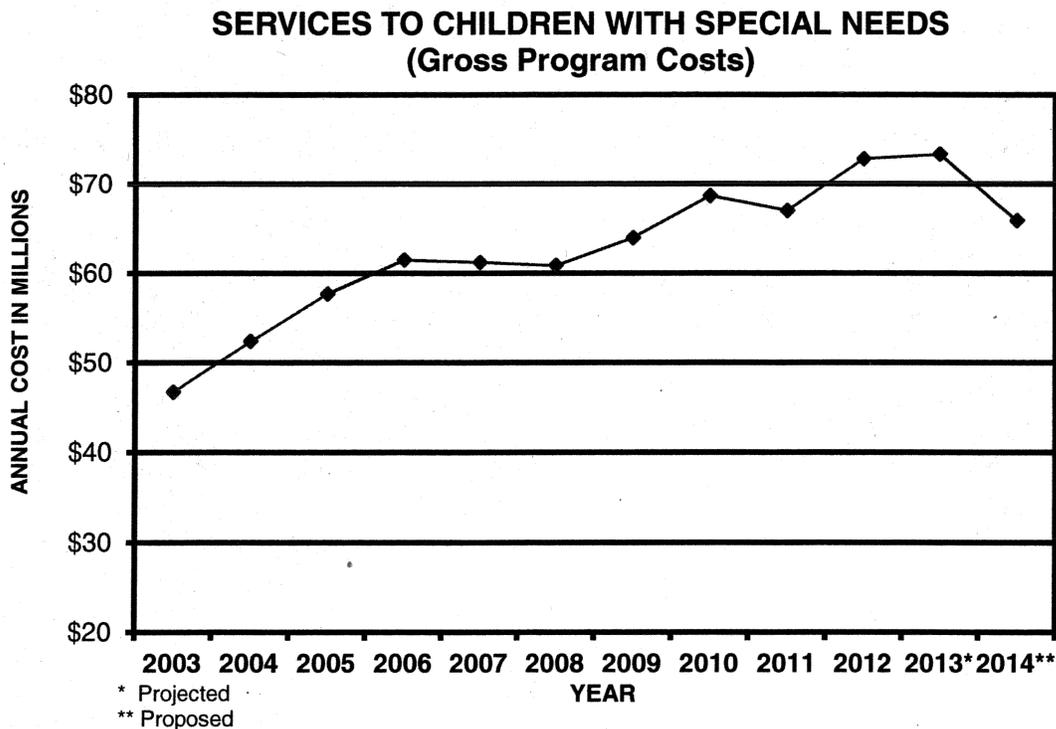
The 2014 appropriation for the Children with Special Needs and Early Intervention is \$62,267,073.

Other program and administrative expenses which total \$3,652,559 are included elsewhere in the budget summary, in the personal services, ECMCC contractual, interdepartmental payments and all other expense categories.

In the 3 and 4 year old Preschool program, County representatives participate in (Committee on Preschool Education) CPSE meetings and are part of the decision making process regarding services for children in the program. However, school districts, although paying nothing toward the cost of the programs, make the final decisions regarding entrance into and the services provided by the program.

The County administers this program and has implemented a methodology that has improved the quality and lowered the cost of the services provided.

The following graph and chart indicate a 2014 decline from the general trend of growth in the total county cost of these programs.



**Comparison of 2014 Proposed Budget to the 2013 Adopted Budget
Early Intervention and Preschool Special Education Programs**

	Birth-Two Year Old Early Intervention Program	Three & Four Year Old Preschool Program	School Age Program Summer	Administration All Programs	Total
2013 Adopted Budget					
Expense	\$10,270,829	\$58,977,338	\$1,891,348	\$2,214,181	\$73,353,696
Revenue	<u>7,607,870</u>	<u>34,888,159</u>	-	<u>1,201,229</u>	<u>43,697,258</u>
Net County Cost	\$2,662,959	\$24,089,179	\$1,891,348	\$1,012,952	\$29,656,438
2014 Proposed Budget					
Expense	\$6,281,043	\$55,686,621	\$1,746,589	\$2,205,379	\$65,919,632
Revenue	<u>3,292,104</u>	<u>33,013,540</u>	-	<u>1,083,538</u>	<u>37,389,182</u>
Net County Cost	\$2,988,939	\$22,673,081	\$1,746,589	\$1,121,841	\$28,530,450
Variance 2013 to 2014					
Expense	(\$3,989,786)	(\$3,290,717)	(\$144,759)	(\$8,802)	(\$7,434,064)
Revenue	<u>(4,315,766)</u>	<u>(1,874,619)</u>	-	<u>(117,691)</u>	<u>(6,308,076)</u>
Net County Cost	\$325,980	(\$1,416,098)	(\$144,759)	\$108,889	(\$1,125,988)

Interfund Transfers (Allocation)

2013 Budget: \$40,267,758
2014 Proposed: \$40,248,424

This includes allocations for County share of the Road Fund \$13,118,038; County share of grants \$4,832,399; County share of Utility Fund totals \$3,935,075, County share of the E-911 Fund which equals \$2,683,595 and \$50,000 for a Parks Department capital project. Also included is a payment to Erie Community College of \$15,629,317.

Debt Service

2013 Budget: \$54,643,336

2014 Proposed: \$61,673,178

This includes \$60,657,818 for General Obligation Bond Debt Service and \$1,015,360 for interest on Revenue Anticipation Notes.

All Other Expenses

2013 Budget: \$20,890,564

2014 Proposed: \$20,708,206

Included in the Other Expense category is \$495,000 of operational expense for the Erie County Fiscal Stability Authority (Control Board).

The balance covers all other remaining expenses in the 2014 Budget for the Operating Fund including interdepartmental billings, telephone charges, rentals, risk retention and equipment.

FRINGE BENEFITS EXPENDITURES

FRINGE BENEFITS – ALL FUNDS

Fringe benefits are provided for County employees based on the provisions of the various collective bargaining agreements and/or Federal, State, and local laws. The County is required to provide appropriations for FICA, medical and hospitalization insurance, dental insurance, unemployment insurance and workers' compensation. An appropriation is also provided for retired County employees eligible to participate in a joint retiree-County funded medical and hospitalization insurance program. The basis of the appropriation for each fringe benefit category is explained below.

FICA

The required employer contribution for 2014 will be 7.65% of the total salary, up to the maximum wage base. The maximum salary base for 2014 is \$115,500. In developing FICA appropriations for 2014, the portion of salaries exceeding the maximum wage base was excluded. Also, a separate adjustment factor was determined for each fund to account for salaries in excess of \$115,500 that are subject to the 1.45% Medicare-only portion of FICA.

Workers' Compensation

Workers' Compensation payments are set with a \$803/week maximum for claims paid July 1, 2013 - June 30, 2014. The proposed 2014 appropriation for workers' compensation accounts for increases and were based on the current year's activity, adjusted for anticipated medical costs. The appropriation provides funding for medical and indemnity payments, mandated state assessments and administration fees. The total appropriation is normally budgeted through the various funds and is charged through the payroll system as expenses are incurred.

Unemployment Insurance Coverage

The 2014 appropriation for unemployment insurance anticipates an outlay of approximately \$485,770 based on 2013 trends.

Medical and Hospitalization Insurance - Active Employees

The 2014 budget estimate for active employees' medical and hospitalization insurance is based on the County's one source health insurance plan and was adjusted for estimated increases in premium costs for the various plans with an adjustment for those employees enrolled in the waiver program. These estimates were obtained in coordination with our consultant to the Labor-Management Health Care Fund, the entity that manages health insurance for the County.

Dental Insurance

The estimated cost for dental insurance for County employees in 2014 is based on the current premium for all employees, the number of funded positions and the current family/single coverage ratio. A separate ratio was used for each fund.

Retirement/Pension

For the past several years, New York State has increased the employer contribution rates for the Employees' Retirement System (ERS). However, for 2014, the employer rate is projected by ERS to decrease for the first time since 2010. Rates for Tier 4 employees, the single-largest category for Erie County, are projected to decline from 20.8% to 19.8% for the annual payment that will be due February 1, 2015. The pension retirement expenses were calculated from a projected salary base for the combined 2014 portion of the April 1, 2013 through March 31, 2014 and April 1, 2014 through March 31, 2015 billing periods. Growth factors for each tier and year were based on estimates supplied by the Office of the State Comptroller.

Medical and Hospitalization Insurance - Retirees

The County's projected contribution toward retirees' medical and hospitalization insurance is based on expected 2013 costs and was adjusted for estimated increases in premium costs. The County currently expenses retiree health costs on a "pay-as-you-go" basis. The unfunded future retiree health costs are described under the GASB 45 Section.

GASB 45

GASB 45 is an accounting standard that requires governments to reflect in their financial statements the estimated future cost of paying for benefits, such as retiree health insurance, that has been earned due to the service years provided to-date by existing retirees and current employees.

UNION CONTRACTS

UNION CONTRACTS

The table below details the status of all County union contracts, contract expiration dates and membership. In 2012 and 2013, the County reached agreements with NYSNA, CSEA Correction Officers, Teamsters and Sheriff PBA that were all unanimously approved by the Erie County Legislature.

In 2012 and 2013 the County twice reached an agreement with CSEA covering years 2007–2016 that contained cost of living adjustments, retroactive bonuses and other elements in exchange for benefit concessions including employee contributions for health insurance and the loss of “summer hours” and two paid holidays. However, the CSEA membership rejected both contracts.

The County continues to pursue negotiations with all unions that have expired contracts that are fair to both employees and taxpayers.

Union Name	Date Contract Expires/Expired	Represents
CSEA	12/31/06*	White Collar
AFSCME	12/31/15	Blue Collar
NYSNA	12/31/17	Nurses
CSEA Correction Officers	12/31/16	Sheriff-Correction Officers and Medical Staff
Teamsters	12/31/16	Sheriff-Holding Center Deputies and Medical Staff
PBA	12/31/16	Sheriff-Police Division
Librarian	12/31/06	BECPL Professional Librarians
Faculty	12/31/09	ECC Faculty
Administrator	08/31/11	ECC Administration

* Upon Erie County Legislature action in 2013, the terms of the expired CSEA contract were extended for 2007. As such, any future CSEA contract will only address years 2008-onward.



BUDGET PROCESS & FINANCIAL STRUCTURE

BUDGET PROCESS

Dynamics of Budgeting

Budgeting is a dynamic process. It demands continuous monitoring of actual expenses and revenues. It involves ongoing study to determine the accuracy of budget estimates and the need for corrective action. And, it requires periodic forecasting to determine how changes in the fiscal environment, revisions to County policies and new service demands will impact future budgetary needs.

While budgeting is a year-round process, the development of the annual budget usually commences eight months prior to the start of the new fiscal year. The procedures governing the preparation, submission and adoption of Erie County's annual budget are prescribed in Article 25 of the Erie County Charter and Article 18 of the Erie County Administrative Code.

Budget Preparation Calendar

May: Budget planning for the County's next fiscal year begins in a concrete manner once the state budget has been finalized. By law the state budget must be adopted by April 1. Budget forecasts and targets are developed and evaluated based on County budget monitoring data, state budget impact data, estimates of inflationary cost increases needed to maintain current service levels, and estimates of the costs associated with new service needs.

July: Detailed budget instructions are issued to department heads to guide the preparation of department budget requests.

August: Departments submit their detailed budget requests to the County Executive for consideration in mid-August.

September: Departmental budget requests are analyzed in detail by staff in the Division of Budget and Management. Each expenditure and revenue account is evaluated to determine the best estimates of revenue available and the most accurate estimates of necessary and optional expenses.

Proposed budget recommendations and alternatives are prepared by the Budget Division for review and consideration by the County Executive. The County Executive's budget decisions are then incorporated by Budget staff into a proposed budget document.

Budget Adoption Process

The County Executive is required by the Erie County Charter and the Administrative Code to submit a proposed budget for the next fiscal year to the Erie County Legislature on or before October 15. The proposed budget contains estimates of operating revenues and expenses for each administrative unit of County government, a capital budget and a six-year capital program. It must be presented in the form of a line-item budget.

The proposed budget is accompanied by the County Executive's Budget Message. The message highlights important features of the Proposed Budget and outlines the key assumptions, policies and initiatives on which it is based.

After receiving the proposed budget, the Legislature holds public hearings and considers whether proposed budget items should be amended. They may add, delete, increase or decrease items of expense (appropriation), except for those items required by law or for repayment of debt.

The 2014 budget must be adopted by the Legislature by the first Tuesday in December (December 3, 2013). An annual budget adoption meeting is held for this purpose, at which time the Legislature votes on any changes to be incorporated into the Adopted Budget.

If the Legislature fails to approve changes to the proposed budget, it is considered to have been adopted with no further action required by the County Executive. If the budget adopted by the Legislature does contain additions or increases, it must be presented to the County Executive by the first Wednesday following the first Tuesday of December (December 4, 2013) for consideration of vetoes.

The County Executive may veto any items added or increased by the Legislature to which he objects. Deletions or decreases are not subject to veto. If items are vetoed by the County Executive, a statement indicating the vetoed items and the reason for each veto must be returned to the Legislature by the Monday preceding the second Tuesday in December (December 9, 2013).

The Legislature may override the County Executive's vetoes by a two-thirds majority vote. This must be done on the second Tuesday of December (December 10, 2013).

The budget, incorporating any legislative changes, executive vetoes, and legislative veto overrides is considered adopted in final form as of the second Tuesday in December (December 10, 2013).

Revisions after Budget Adoption

Once adopted, no County department may spend funds in excess of the amount appropriated for each line-item of expense. Occasionally, it is necessary to revise the Adopted Budget during the year to adjust appropriations to match actual spending requirements. This is done either by transferring funds from one appropriation to another within the same administrative unit, or by appropriating unanticipated revenue that has been received.

The County Executive may transfer part or all of the unencumbered appropriation balance between line-items of expense within the same administrative unit if the amount for a given line-item transfer is \$10,000 or less. Approval of the Legislature is required, in the form of a legislative resolution, if the transfer exceeds \$10,000 or if it would affect any salary rate or salary total.

The appropriation of any unanticipated revenue requires the approval, by resolution, of the Erie County Legislature, as does the creation or deletion of any staff position associated with an appropriation revision.

Resolutions which seek approval to revise the Adopted Budget are submitted to the Legislature by County administrative units through the County Executive's Office. They are considered by the Legislature throughout the year at their bi-monthly legislative sessions.

Budget Monitoring Process

The Division of Budget and Management produces monthly Budget Monitoring Reports which are commonly referred to as the BMR. The BMR reports on appropriation and revenue accounts critical to maintaining a balanced budget. The report also contains impact statements on the local effects of federal and state policies.

The BMR is designed to give management a measurement tool for determining if actual revenues and expenditures are in line with estimated amounts. This timely information allows the County to detect problems and take corrective budgetary action, if required.

In addition to the BMR, other reports are generated periodically to evaluate budget performance, including:

- on-going tracking and analysis of personnel matters including overtime usage, full-time position vacancies and part-time employee accounts;
- on-going tracking and analysis of local share Medicaid expenditures, as well as Safety Net Assistance and Family Assistance caseloads.

BUDGET CALENDAR

January

County fiscal year began January 1, 2013.

Division of Budget and Management (DBM) works with Comptroller's Office to close prior year books.

Tax bills sent to taxpayers in the City of Buffalo and first class towns.

February

DBM reviews impact of Governor's Proposed Budget. State Budget Impact Report sent to State Legislators.

DBM develops monthly budget allotments for current year budget.

Subjects identified for special studies on cost containment and revenue enhancement.

Tax bills sent to 2nd class towns.

March

Special studies continue.

April

DBM begins development of ensuing year budget forecast.

May

Special studies continue and following year Capital Budget process begins.

June

DBM assembles ensuing year budget instructions including appropriation and revenue worksheets and preliminary personal services data runs.

Special studies are concluded.

DBM begins to develop budget targets for departments.

July

Budget instructions sent to departments.

Year-end projection instructions sent to departments.

August

Departments complete submission of personnel change requests to Personnel Department and DBM.

Departments prepare ensuing year budget requests and submit to DBM.

Capital Budget process is concluded.

September

County Executive and DBM review and make recommendations on requests from Departments and community agencies.

Special studies are incorporated into Proposed Budget.

County Executive and DBM finalize recommendations for Proposed Budget

October

Major revenue and expenditure projections transmitted to Comptroller by October 1, 2013.

County Executive submits Proposed Budget to Legislature by October 15, 2013.

November

Legislature reviews Proposed Budget and conducts hearings.

Legislature holds public hearings.

December

Deadline for Legislature to Adopt 2014 Budget – Tuesday, December 3, 2013.

Deadline for Legislature to return Budget to County Executive if any increases – Wednesday, December 4, 2013.

Deadline for County Executive to veto any increases – Monday, December 9, 2013.

Deadline for Legislature to meet and consider County Executive's vetoes – Tuesday, December 10, 2013.

Final equalized tax rates are determined. Legislature adopts final real property tax levies.

FINANCIAL STRUCTURE

Fiscal Year

The County's fiscal year begins January 1st and ends on December 31st of each calendar year.

Fund Structure

The County's budgetary and accounting systems are organized and operated on a "Fund" basis. Each fund is considered a separate entity and is made up of a set of inter-related and self-balancing accounts. Together, these accounts comprise a fund's assets, liabilities, fund/balance/retained earnings, revenues and expenditures/expenses.

The accounts in a fund are segregated and related to one another for the purpose of carrying out specific activities or attaining certain objectives. They are created and operated in accordance with law and/or special regulations, restrictions or limitations, or as dictated by generally accepted accounting principles (GAAP).

Erie County utilizes the funds described below. All funds are included in the County's General Purpose Financial Statements.

General Fund (Budget Fund 110): the principal operating fund which includes all operations, activities and resources not required to be recorded in other funds. Funding Sources: Real property taxes; Sales taxes; Departmental charges; State and Federal partial reimbursements; Client recoveries; Fees, Fines and Other Charges; and Hotel Occupancy Tax.

Special Revenue Funds: The following funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and are shown in the same manner in the County's annual financial statements.

Grant Fund (Budget Fund 281 and Budget Fund 821 – Library)

Funding Sources: Transfer payments and/or subsidy from General Fund; State and Federal full or partial reimbursement; grant income.

Community Development (Budget Fund 290)

Funding Source: Federal Reimbursement.

Sewer Fund (Budget Fund 220)

Funding sources: Sewer Real Property Tax; user fees.

Road Fund (Budget Fund 210)

Funding Sources: Subsidy payment from General Fund; partial State reimbursement; Real Estate Transfer Tax; charges.

E-911 Fund (Budget Fund 230)

Funding Sources: Telephone access line surcharge; State reimbursement; subsidy payment from General Fund.

Public Library Fund (Budget Fund 820) This Special Revenue Fund is included in the County's annual financial statements as a component unit.

Funding Sources: Real Property tax; State reimbursement; library charges.

Debt Service Fund (Budget Fund 310): used to account for current payments of principal and interest on general obligation long-term debt (bonds) and for financial resources accumulated in reserve for payment of future principal and interest on long-term indebtedness.

Funding Sources: Transfers from other funds; interest earnings on reserves.

Downtown Mall Fund: Used to account for revenues raised through a special district charge levy and the subsequent expenditure of these monies for the operation and maintenance of a downtown pedestrian/transit mall. *This fund is not included in the Budget documents.*

Funding Sources: Special district assessment.

Capital Projects Funds (Budget Funds 410-490): used to account for the financial resources to be used for the acquisition, construction or reconstruction of major permanent facilities having a relatively long useful life and for equipment purchased from the proceeds of long-term debt (other than those financed by the Enterprise Fund).

Funding Sources: Proceeds from bonds issued; State reimbursement.

Enterprise Fund: used to account for ongoing organizations or activities that are similar to those found in the private sector which provides goods or services to the general public. The costs of providing goods or services to the public on a continuing basis are financed or recovered primarily through user charges.

Utilities Fund (Budget Fund 140)

Funding Sources: Utility user charges.

Erie Community College: used to account for the resources received and used to operate the Community College. The State mandates a fiscal year ending August 31st for the Community College. For this reason, and also because of differences in accounting principles for colleges and those for local governments,

the Community College budget and financial statements are separate. The Community College budget is adopted in July of each year.

Funding Sources: State reimbursement; student tuition; County subsidy from the County budget in the General Fund.

Accounting and Budgeting Principles

The Erie County Charter and Administrative Code require a line-item budget organized or classified on the basis of administrative units. The budget, accounting and reporting system are structured to support this requirement on an ongoing basis for local purposes.

The accounting and budget structure required by the local Charter and Code is not consistent with the Uniform System of Accounts for Counties (USAC) structure required by the State for financial reporting purposes. Specialized account coding is used to convert detailed County accounting data to the USAC structure as required for financial reporting and for the preparation of the annual financial statements.

The County's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities, and are presented in the USAC format.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is the determination of what is expressed in reporting an entity's financial performance and position, (i.e., expenditures or expenses). A particular measurement focus is accomplished both by considering what resources will be measured and the basis of accounting.

Basis of accounting refers to when revenues, expenditures/expenses, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

Accrual Basis – Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Modified Accrual Basis – Under this basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from federal, state, or other

grants designated for specific County expenditure are recognized when the related expenditures are incurred.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due and expenditures for inventory-type items and for prepayments (except retirement) are recognized at the time of the disbursements.

In the County's Comprehensive Annual Financial Report ("CAFR"), the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statement. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgets and Budgetary Data

Annual appropriated budgets are adopted and employed for control of the General Fund; the Road; Sewer, and E-911 Special Revenue Funds; the Utilities Aggregation Enterprise Fund; and the Debt Service Fund, minimally detailed to the department and account level. These budgets are adopted on a basis consistent with GAAP, except that encumbrances are reported as budgetary expenditures in the year of incurrence of commitment to purchase, as well as in the year of expenditure if the expenditure occurs in a fiscal year subsequent to the commitment in the General and the enumerated Special Revenue Funds. All unencumbered appropriations lapse at the end of the fiscal year. Annual appropriated budgets are not employed for the Grants and Community Development Special Funds. A reconciliation to convert GAAP basis data to the budgetary basis is provided in the financial statements.

Account and Budget Codes

Account and budget codes classify expenditures/appropriations and revenues by category. The structure of account and budget codes used by Erie County is consistent with the local Charter and Code requirements for a line-item budget organized by administrative unit.

Administrative Unit Codes: The budget and accounting systems are structured so that budgeting and accounting can be controlled at the fund, business area/fund center and department level as appropriate. Budgets are usually

adopted at the department level in the General Fund including Social Services, the Utilities Fund (Enterprise Fund) and Special Revenue Funds. Budgets are adopted for grants and Community Development projects. The Debt Service Fund is adopted at the fund level.

Administrative Unit coding in the budget and accounting systems is categorized according to the following structure:

Fund
 Department
 Fund Center (Business Area)

Fund center coding is used to identify separately budgeted administrative units. A three digit Fund Center designates the overall department level. If divisions within a department are separately budgeted, they are designated with a five digit fund center code.

Account Codes: Account codes are used to identify expenditures/appropriations and revenues.

Revenues and expenditures are appropriated and adopted by the Legislature at the account level, which is indicated by a six-digit account code in the budget. All accounts are part of a hierarchy which serves to group accounts into like categories.

Expenditures/appropriation and revenue coding in the budget and accounting systems is generally categorized according to the following structure:

Expenditure/Appropriation Codes		Revenue Codes	
Account*	Description	Account*	Description
500000-500350	Personal Services	400000-400070	Real Property Tax Revenues
501000	Overtime	402000-402700	Local Source Revenues
502000-502140	Fringe Benefits	405000-409040	State or Other Partial Reimbursement
504992	Contractual Salary Reserve	410000-414190	Federal or Other Partial Reimbursement
504990-504998	Reductions for Turnover Service Restoration	415000-480030	Fees, Other Taxes
505000-507000	Supplies & Repairs	450000-486040	Interfund Revenues
510000-555050	Other		
516000-520110	Contractual		
525000-530020	Assistance Payments		
561100-561460	Equipment		
550000-551600	Debt Service		
559000-575040	Interfund		
910100-980000	Interdepartmental		

*Specific descriptive account titles and codes are provided throughout the budget documents for each account.

Budgeting for Fringe Benefits

Fringe benefits are appropriated separately in each fund included in the budget which also has budgeted employees and authorized payroll expenses.

Fringe benefits are budgeted at the department level in the operating fund. Fringe Benefits are budgeted at the individual project level for grants and community development projects.



GLOSSARY

GLOSSARY

Account

A category of expense, such as office supplies, personal services, or utilities.

Accrual

Recognition and recording of accounts receivable as revenue and accounts payable as expenditures in the current period, but for which cash receipts or disbursements have not yet occurred.

Accrual Accounting

A basis of accounting in which expenditures and revenues are recorded at the time they are incurred or are available, as opposed to when cash is actually received or spent.

Adjusted Budget

The adopted budget as modified by all changes to budgeted revenue and appropriation accounts approved and processed.

Adopted Budget

The budget plan for the next fiscal year, which has been formally approved pursuant to the provisions of Article 25 of the Erie County Charter.

Appropriated Fund Balance

The amount of unassigned fund balance available from previous years designated for use in the current year.

Appropriation

A specific amount of money authorized by the Legislature for the purchase of goods and services.

Assessed Valuation

The value set upon real property by local tax assessors and the state as the basis for levying real property taxes.

Board of Election Re-spread

Reimbursement from towns and cities for certain allowable expenses associated with the cost of conducting elections. The actual costs are billed back to the various towns and cities where elections are held and recorded as revenue in the operating fund.

Capital Budget/Expenditures

Budgets/expenditures in the Capital Projects Fund for major physical improvements and construction, or for purchase of equipment having a useful life of at least five years. The Capital Budget is included in the annual budget documents, as required by the County Charter, but is not a part of the operating budget, nor is it considered part of the operating fund.

Community College Re-spread

Revenue that is attributed to reimbursement from towns and cities for tuition payments made by the County for town and city residents who are enrolled in community colleges outside of Erie County. The tuition costs are billed back to the various towns and cities in the county for the town/city residents for whom tuition was paid.

Community Development Fund

A Special Revenue Fund used to assist participating municipalities in the development of locally approved community or economic development activities, including housing programs, which are eligible under Federal program regulations. This fund is included in the County's annual budget documents in order to secure legislative authorizations, but it is not a part of the operating budget nor is it considered an operating fund.

Contingency

An appropriation of funds to cover unforeseen events that may occur during the fiscal year, or reserved to cover future events, which can be foreseen.

County Share

The amount of support required from general county resources (e.g., property or sales taxes); after all other revenue sources attributed to the operations of a department or division are subtracted from total appropriations or expenditures.

Countywide Appropriations/Revenues

Appropriations and revenues, such as debt service expenditures or sales tax revenues, which cannot be directly attributed to the operations or operational responsibilities of specific departments.

Debt Service

The county's obligation to pay the principal and interest on all bonds and other debt obligations according to a predetermined payment schedule.

Debt Service Fund

A special fund established to account for the payment of interest and principal on long-term debt. The Debt Service Fund is a part of the operating budget and is considered an operating fund.

Deficit

The excess of expenditures over revenues during an accounting period.

Downtown Mall Fund

A Special Revenue Fund used to account for revenues raised through a special district charge and the subsequent expenditure of these monies for the operation and maintenance of a downtown pedestrian/transit mall. This fund is not included in the county's annual budget documents, nor is it considered an operating fund.

ECIDA

The Erie County Industrial Development Agency (ECIDA) is a public benefit corporation which coordinates economic development for Erie County. It authorizes industrial revenue bonds for eligible projects and administers a revolving loan program for businesses in specific county areas.

Encumbrance

Financial commitments related to unperformed contracts for the purchase of goods and services. Purchase transactions which are not yet completed, but for which funds have been designated and specifically reserved (encumbered) for future payment when the purchase transaction is completed. Outstanding encumbrances at year-end are reported as assignments of fund balance because the commitments will be honored during the subsequent year.

E-911 Fund

A self-balancing Special Revenue Fund for appropriations and revenues associated with the operation of the Enhanced 911 emergency telephone system as required by State law when a telephone surcharge is utilized to offset E-911 service cost. The E-911 Fund is part of the operating budget and is considered an operating fund.

Enterprise Funds

Self-supporting governmental funds in which the services provided are financed and operated similarly to those of a private business, with user charges providing the majority of the revenues necessary to support operations. The Utility Fund is budgeted as an Enterprise Fund. The Enterprise Fund is a part of the operating budget and is considered part of the operating funds.

Equalized Full Valuation of Taxable Property

The term used to indicate the value of all real property in a taxing jurisdiction, appraised at 100% of market value at a specified prior point in time, which has been adjusted by a factor to reflect different rates of housing market price change from area to area. The equalization factor allows comparison of full valuation on an equal dollar basis for all areas and for all time periods.

Equalized Full Value Tax Rate

The amount of property tax levied for each \$1,000 of equalized full valuation for all non-exempt property in the county. It is calculated by dividing the equalized full valuation of taxable property by \$1,000 and then dividing the county property tax levy by the result. This rate is used for all comparisons of property tax growth or reduction.

Full Valuation

The term used to indicate a real property appraisal at 100% of market value at a specified prior point in time.

Fund

A set of inter-related accounts to record revenues and expenditures associated with a specific purpose. Funds are self balancing. The Erie County budget includes ten (10) funds: General Fund, E-911 Fund; the Utilities Enterprise Fund; Grant Fund; Capital Fund; Sewer Fund; Road Fund; Community Development Fund; the Debt Service Fund; and the Public Library Fund.

Fund Balance

The section of the financial statement that reports the results of operations. It can include restricted amounts such as prepaid items along with assignments such as judgments and claims. The remainder of fund balance is the unassigned portion which is available for appropriation when necessary.

GASB 45

GASB 45 is an accounting standard that requires governments to reflect in their financial statements the estimated future cost of paying for benefits, such as retiree health insurance, that has been earned due to the service years provided to-date by existing retirees and current employees.

Gain

A position and/or job title not currently authorized in a department, which is transferred in from another department or budget entity.

General Fund

The principal operating fund of the county, which includes the budgets, revenues and expenditures for most county departments.

Generally Accepted Accounting Principles (GAAP)

Conventions, rules and procedures that define accepted accounting and financial reporting practice, including broad guidelines and detailed practices. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Grant

A contribution by a government or other organization to support a particular function, service or program.

Grant Budget/Expenditures

Budgets/expenditures in the Grant Special Revenue Fund related to defined projects funded by contributions from other governments or organizations to support particular functions, services or programs. The Grant Fund is not a part of the operating budget but appears in the budget documents in order to secure necessary legislative authorizations.

Indirect Costs

Costs associated with, but not directly attributable to, the operation of county departments. These "overhead" costs are usually incurred by other departments in support of all operating departments.

Interdepartmental Billing

The reimbursement received by a division, such as Information and Support Services, for services provided to other county departments within the same fund. Interdepartmental billings are quasi-revenues budgeted as negative appropriations.

Interdepartmental Payment

An appropriation of funds for reimbursing other county departments, such as Information and Support Services, for services provided by departments within the same fund.

Interfund Transfers/Revenue

Amounts transferred from one fund to another.

Job Group

The grouping of similar position classifications and their assignment to a range of salaries within a county pay scale.

Line-Item Budget

A budget that lists each expenditure and revenue category separately, along with the amount budgeted for each specified category.

Local Source Revenue

Funds that the county receives as income from local sources, such as property and sales taxes, service fees, and interest income, as opposed to funds received from other governments.

New Position

A new position in an existing job title and/or a new job title not previously budgeted.

NFTA

The Niagara Frontier Transportation Authority, created in 1967 as a public benefit corporation under the Public Authorities Law of the State, administers the regional transit system in Erie and Niagara Counties which includes a transit line, public buses and airport facilities. The NFTA receives a portion of the county sales tax plus a subsidy from the county general fund.

OTB Revenues

Revenues received from a portion of profits of the Western Regional Off-Track Betting ("OTB") Corporation from a pari-mutuel wagering tax.

Other than Personal Services

Expenditures for all non-personal services, goods and services including supplies, equipment, contractual services, utilities, rental and repairs.

Personal Services

Expenditures for salaries and wages for full-time and part-time employees, overtime costs, shift differential, and holiday pay, etc.

Project

A project is a distinct organizational unit with a separate budget which is identified by a unique name usually used in the capital fund.

Proposed Budget (Tentative Budget)

The budget plan for the upcoming fiscal year recommended to the County Legislature by the County Executive for its formal approval. The Erie County Charter designates this as the "Tentative Budget". It is popularly known as the "Proposed Budget".

Public Library Fund

The Public Library Fund is used to record transactions of the Buffalo and Erie County Public Library which is supported, in whole or in part, by real property taxes. The use of the Library Fund assures compliance with Education Law, Section 259, which provides that all monies received from taxes or other public sources for library purposes shall be kept in a separate fund.

The Public Library Fund is a special revenue fund. The accounting is the same as the General Fund including the use of budgetary, revenue, expenditure and fund balance accounts. It is a part of the county's operating budget and is considered an operating fund.

Re-allocation

A change in job group but not in position title for a currently authorized position; an upgrading of a position.

Real Property Tax

The net County tax requirement determined by subtracting the total estimated revenues from the total proposed expenditures as set forth in the budget (Erie County Charter, Article 26, Financial Procedures, Section 2609).

Reclassification

A change in position title which may or may not change the job group for a currently authorized position.

Reductions from Personal Services Account

The Reductions from Personal Services account is a net savings calculated by estimating the impact on all personal services budgets caused by employee turnover, vacancies, increased overtime or other personnel transactions. The savings estimate is then adjusted for any negative impact on associated budgeted revenue calculations. The final net savings calculation is budgeted in the form of a negative appropriation.

Reserve

Funds which are accumulated, held and set-aside for future use or the payment of some future obligation. Funds held in reserve may be restricted to particular uses or they may be unrestricted.

Revenue

Funds that the county receives as income, including tax payments, service fees, receipts from other governments, fines, forfeitures, grants, and interest income, etc.

Road Fund

A Special Revenue Fund used to account for all revenues and expenditures related to the maintenance of county roads and bridges, snow removal, and the construction and reconstruction of county roads not required to be recorded in the Capital Projects Fund. The Road Fund is a part of the operating budget of the county and is considered an operating fund.

Transfer

A currently authorized position and/or job title in a department, which is transferred to another department or fund.

Sales Tax

A charge placed on certain goods when they are purchased from a vendor. Sales Tax revenue accounts for a considerable portion of the discretionary budget. Erie County's local sales tax rate is 4.75%.

Sewer District Budgets/Expenditures

Budgets/expenditures in the Sewer Special Revenue Fund related to the annual program and spending plan for sewer facility operations, services and normal maintenance. Sewer districts are self-supporting entities with a separate property tax levy. The Sewer Fund is not a part of the operating budget, nor is it considered an operating fund.

Source

A category of revenue, such as local source, state aid, or federal aid.

Surplus

The excess of revenues over expenditures during an accounting period.

Taxable Assessed Valuation

The value of non-exempt (taxable) real property in a taxing jurisdiction on which the jurisdiction's portion of the County real property tax levy is spread.

Taxable Assessed Value Tax Rate

The amount of property tax levied for each \$1,000 of taxable assessed valuation of real property in each taxing jurisdiction. It is calculated by dividing each jurisdiction's share of the County real property tax levy by the taxable assessed valuation of all non-exempt (taxable) real property in the jurisdiction, and dividing the result by 1,000.

Utilities Fund

An Enterprise Fund created to provide financial accounting and support necessary for the operation of the Erie County Utilities Aggregation. This fund allows members of the aggregation (cities, towns, villages, and authorities in Erie and neighboring counties) to

jointly purchase natural gas, heating oil and electric utilities at reduced cost. The Utilities Fund is part of the operating budget and is considered an operating fund.

Variable Minimum

A request to hire an employee at a pay step higher than the normal entry level step. Variable Minimums are often requested to appropriately compensate potential job candidates who possess qualifications and experience in excess of what a position normally requires, and are subject to the approval of the Erie County Legislature.

Visit Buffalo Niagara (CVB)

Visit Buffalo Niagara, formerly known as the Convention and Visitors Bureau (CVB), is an organization funded with taxpayer dollars and organized to serve as the county's marketing arm to the nation and world. Visit Buffalo Niagara is tasked with attracting visitors and conventions to the Buffalo Niagara region.

